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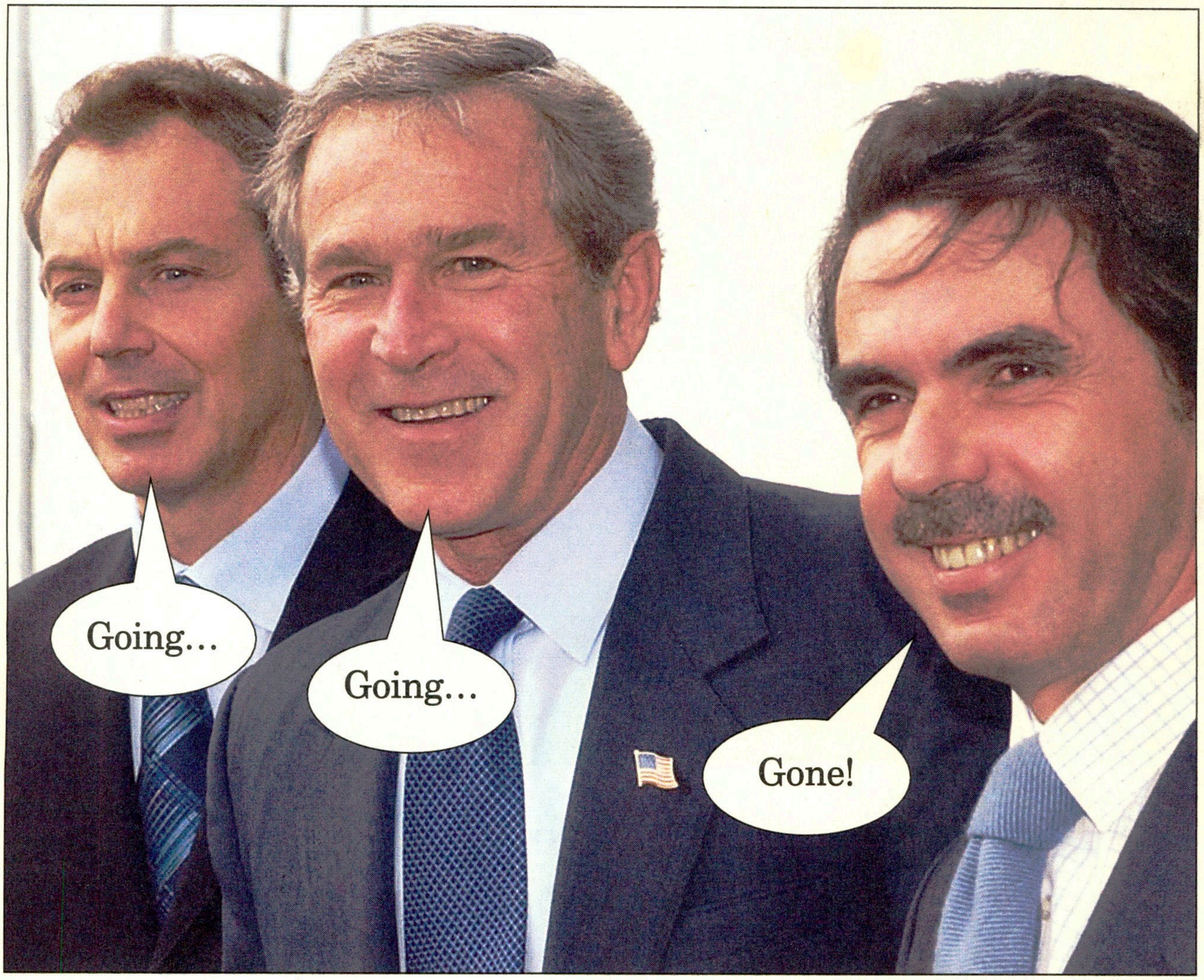

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An idiot's guide to the Private Finance Initiative

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Gnome

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With the greatest respect to those foolish people who invested their savings in Equitable Gnome, they should have been aware that all investments of this nature contain an element of risk and that the stock market can go down as well as right down the pan.

I refer them to the phrase "Caveat emptor" (Latin for "Hard cheese, matey"), which is a hallowed principle of English jurisprudence, dating back to the days of Magna Carter-Ruck.

The unfortunate yet stupid investors numbering only a handful of millions should have realised that the Equitable Gnome slogan "Get rich quick!" was in no way misleading, referring as it did to myself.

E. Quitable-Strobes
pp Lord Gnome
Grand Larceny
The Cayman Islands

"This Equitable Life case is MY pension"

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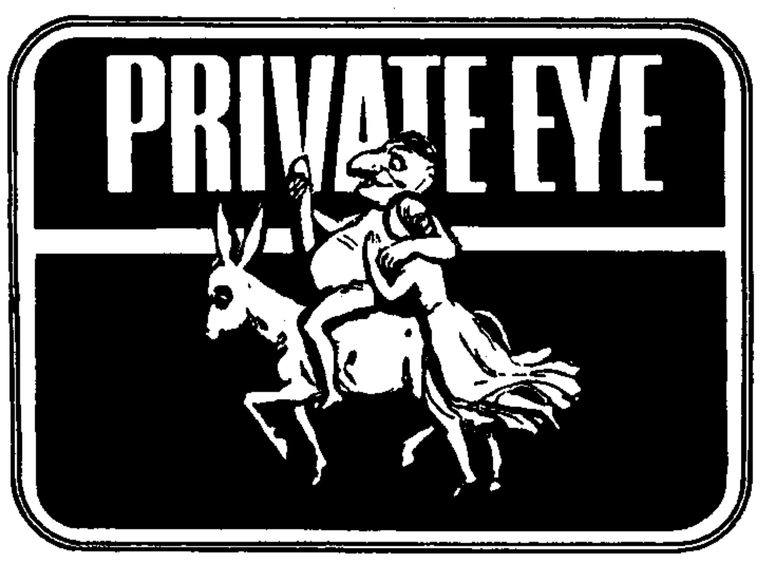

Equitable as ever...

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WHEN Ruth Kelly, financial secretary to the treasury, gave the Commons the government's response to the Penrose report into Equitable Life, she managed to put a lot of the blame on the Tories.

Kelly scoffed at the "deregulatory, light touch reactive system in the decades before the creation of the FSA (financial services authority)"; and her argument seemed to be that in the bad old days of Tory government, slack regulation allowed scandals like Equitable to develop unchecked.

What Kelly seems to have forgotten (and certainly didn't quote) was the argument of her own government when setting up the FSA 1999. The then chief secretary to the treasury was the arch Blairite Alan Milburn. On 5 March 1999 he told the House: "Our presumption is in favour of light touch regulation where possible and protection where necessary... Overburdensome regulation would stifle innovation and increase consumer costs."

Anything the Tories could touch light, in other words, "new" Labour could touch even lighter...

ONE sign that should have alerted investors to the impending catastrophe at Equitable Life was the presence of Peter Davis on its board for the past nine years. His presence has been a common factor in a number of Britain's biggest financial disasters over the last two decades.

Davis jumped ship from Harris Queensway back in 1987, before the carpet giant went into receivership with debts of $200m. From there he became finance director of Sturge, the biggest insurance underwriting group for Lloyd's. The crisis of the early 90s lost its "names" some £1bn. Davis, who failed to attend many board meetings, claiming that he didn't understand insurance as well as his colleagues, trousered a £182,000 payoff in 1993.

Davis then emerged as the first head of Oflot, the regulator for the newly-launched national lottery. He handed the contract to Camelot, partially owned by the American gambling company GTech, after accepting free flights and accommodation paid for by the company. Despite being criticised for "serious errors of judgement" in the Commons, Davis refused to resign – until Richard Branson won his court case against Gtech in 1998 and claimed Davis had ignored his bribery accusations when he put them to him.

Was it Davis's aptitude for insurance or his talent for scrutiny that prompted Equitable Life to install him as a non-executive director, looking out for policyholders' interests in 1995

JOINED-UP GOVERNMENT

WHAT does the government do in the face of the overcrowding crisis in Britain's jails? It plans to cut the prison budget by £40m next year.

With no effective strategy to stop courts sending so many men and women into overcrowded prisons – the jail population is a record 75,000 – the cuts will mean prisoners receive less education and activity time out of their cells, and fewer treatment and rehabilitation programmes.

That in turn is likely to lead to more unrest, assaults, self-harm and suicides...

HOW "efficient" is private sector guru Sir Peter Gershon, author of the "Gershon report" and the man chosen by Tony Blair to tell the rest of us how to run the civil service more efficiently?

Following Gershon's review, it's to be hoped that Whitehall doesn't end up the way Marconi did when he was its managing director. Under his stewardship it lost £5bn and shed 6,000 jobs. Which perhaps explains why, in all civil service discussion of the Gershon report, mention of Marconi has been banned. Gershon is referred to simply as the "former chief operating officer of BAe".

The private sector, by contrast, cannot ignore his record; and Gershon was recently snubbed publicly by the supermarket giant Sainsbury in its search for a new chairman. As a source told the *FT*: "Some [board members] are distinctly underwhelmed by this name." But not the prime minister, it seems.

AS more evidence emerges that Britain is a nation of drunken yobs, what hope is there for "new" Labour's licensing act, that allows pubs and clubs to stay open all day and all night?

The act, known more accurately as "the brewers' charter", technically comes into effect this month. But its full effect will not be felt until the "second appointed date" – expected to be new year's day 2005. If the date is unclear, it's not because the government is pissed: it's because it appears to be "thinking again" (ie backtracking). There are four main reasons for this.

● The recent BBC1 series *Drunk and Dangerous*, which highlighted the chaos caused by drunkenness in towns and cities across Britain.

● A report, by Professor Colin Drummond of St George's Hospital Medical School and others, likely to be published soon, which sets out the enormous strain imposed on hospital accident and emergency units from drunkenness – a strain likely to increase sharply thanks to the new act.

● A recent report by the Met Police, seen by the *Eye*, which sets out in stark terms the effect of the new act on the already high level of drunkenness in the capital. Among its conclusions is that the new act will lead to more spending on and consumption of alcohol, more binge-drinking, greater risk of assault and a "positive connection with crime".

● A top-level meeting on 10 March between ministers (Hazel Blears from the home office and Richard Caborn from DCMS) with top Met officers in which they expressed their concerns about the new law volubly.

"We get a lot of binge drinkers in here"

NEWS

LURID tales of Old Etonians and London-based financiers added interest to what appeared to have been an extraordinary attempt to use mercenaries to topple the president of Equatorial Guinea, the obscure, oil-rich central African state. But the reality, according to documents obtained by *Private Eye*, is more extraordinary still.

Equatorial Guinea – a regime of quite spectacular brutality and corruption – claimed on 8 March to have uncovered a plot led by white South African mercenary Nick Du Toit to overthrow President Obiang. (Obiang himself came to power in a bloody coup against his uncle, the "Unique Miracle of Equatorial Guinea", in 1979, and has been uncovering conspiracies, real and imagined, ever since.)

Du Toit was said to be working with around 70 alleged mercenaries who were detained in Zimbabwe the day before the story broke. The alleged plan to install as president Severo Moto, a maverick Madrid-based politician, was, by extraordinary coincidence, said to have been supported by all Obiang's current crop of enemies: Spain, which gave Moto political asylum; the US, which is investigating Obiang's $600m private bank account at Rigg's in Washington; a number of neighbouring states and locals of dubious loyalty.

Obiang has thanked South Africa for tipping him off over the plot. But it seems thanks are due closer to home. For Du Toit's business partner in Equatorial Guinea was none other than Armengol Ondo Nguema, who is both head of the country's secret service and the president's loyal brother. The two set up Triple Option Trading – the company accused by the government of being at the centre of the plot – last October.

In 2002 the government fabricated a plot suggesting that assassins dressed as priests would burst into the country's main cathedral and gun down the president on Easter Sunday. It was a pretext for a major "house cleaning" operation inside the regime. The same now appears to be the case with a number of Obiang's internal enemies having already disappeared.

If the whole episode was a set-up, it will come as no surprise to the benighted population of Equatorial Guinea, who last year were reminded of Obiang's omnipotence by the state radio station. "He can decide to kill without anyone calling him to account and without going to hell because it is God himself, with whom he is in permanent contact, and who gives him this strength," it said.

And they alleged mercenaries in Zimbabwe? They were charged with minor offences on 15 March. Negotiations for the deportation of those in Equatorial Guinea are underway...

Street of Shame

REBEKAH Wade doesn't always engage her brain before taking decisions – possibly, some colleagues suggest, because there isn't much in the brain department anyway. This seems to be confirmed by her latest stunt.

Last Tuesday the *Sun* printed two big colour photos of naked little girls on page 7. "One of these pictures is from a trendy art exhibition," it revealed. "One's from a child porn website. CAN YOU TELL THE DIFFERENCE?"

Following a deluge of complaints, a day later she ran a defiant editorial. "Many readers were shocked by the child porn picture we printed yesterday. That was our intention. The vile exploitation of innocent children IS shocking... The *Sun* makes no apologies for its actions." Indeed, Rebekah implied that she might print similar pictures in future, to jolt the world into "stamping out this evil tide of filth".

But Wade of all people must be aware that in downloading a photo from a child-porn website (let alone reprinting it for several million readers) she herself has probably committed an offence. In her defence, no doubt she'd say that she downloaded it for journalistic purposes – just as Pete Townshend claimed that he downloaded child-porn as "research" for a book. But what did Rebekah make of Townshend's excuse?

On 8 May last year, after police decided to give him a caution plus five years on the sex offenders' register, she wrote a furious editorial insisting that he should have been charged: "A court should decide whether Townshend should be punished." Why take such a hard line? Because, Wade thundered, *"every person who views child pornography – even if only once – creates a market for the evil peddlers of filth"*.

Thanks entirely to Rebekah Wade, every reader of her paper has now viewed child pornography, even if only once. She has thus done far more to "create a market" for it than anyone else in Britain. According to her own logic, Inspector Knacker should prosecute the flame-haired filth-peddler without delay.

NEWS reaches us of another balls-up by *Daily Mail* managing editor Lawrie "Insin" Sear, the man whose carelessness with company files permitted Lord Gnome to obtain the Dacre Dossier.

When Nigel Dempster retired recently, after several centuries of loyal service, Sear had the job of buying a suitable leaving present. Recalling that the diarist liked racing, he spent £5,000 of the company's money on a hideous bronze sculpture of a horse.

Alas, Dumpster hated it – so much so that after the presentation he took it round to Christie's and asked them to sell it. His distress was redoubled when the auctioneers advised that the sculpture was likely to go for only about £750. They added, however, that it might be worth a bit more if he removed the plaque stating that it was a farewell present to Humpty Dumpster.

Nigel duly agreed to take off the inscription, and his unwanted gee-gee will soon be put up for sale. Will Associated Newspapers be among the bidders?

BOOK your ringside seats now for the greatest heavyweight contest since the Rumble in the Jungle. George Galloway, the legendary litigator, is suing Julie Burchill for libel.

In her *Times* column last Saturday, Burchill noted the irony that Gorgeous George – "a man who makes a bull in a China shop look like a fairy on the Christmas tree" – had founded a political party called Respect. Alas, she also alleged that he had once broken into the home of an ex-girlfriend and stolen a pair of her knickers. Galloway has certainly had a colourful love-life, but a quick check in the cuttings would have shown that the knicker-nicker was in fact another Scottish MP. Quite why no one at the *Times* made such a check is rather puzzling, since every newspaper lawyer knows that any mention of Gorgeous George's name is a potential libel suit.

Even so, given the escapades that Galloway *has* been involved in over the years, one might think that a prompt correction would suffice. Not at all. St George's spokesman rushed out a hysterical press release announcing that the MP would be demanding "substantial damages" for "gross defamation... extraordinary and libellous allegations... a deliberately malicious, malignly-motivated smear on a Goebellian scale".

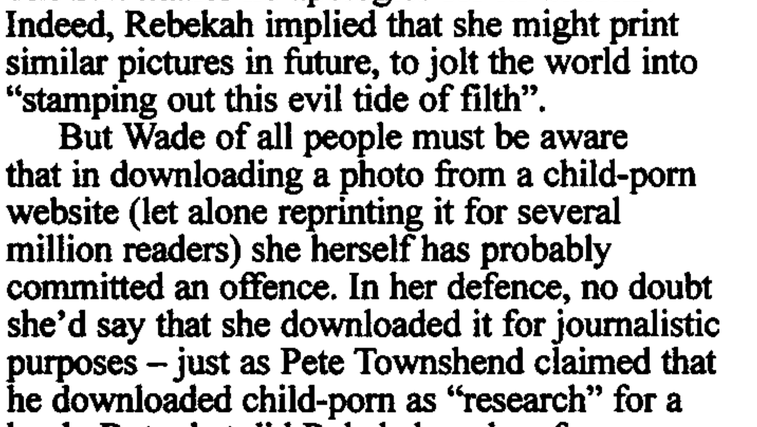
FOREIGN desks around the Street of Shame had to put their thinking caps on when a Swiss air traffic controller was the subject of a revenge killing. The murderer was believed to be a Russian who blamed the Swiss man for the death of his wife and children in an aeroplane crash in 2002.

Police would not release the name of the man they had in custody but, armed with information about his background, the foreign desks felt sure they could pinpoint the suspect with ease. The following day the *Sun*, the *Daily Mail*, the *Mirror* and the *Daily Express* all named their man as Alexander Savchuk from the former Soviet republic of Bashkiria. There was just one problem: Savchuk was safely at home in Russia, blissfully unaware that he was being labelled a murderer by the British press.

The British papers were horrified when they realised their mistake and the following day named the man who was actually being held for the murder, one Vitali Kaloyev from Vladikavkaz in southern Russia. All the hacks concerned are now praying that the entirely innocent Mr Savchuk doesn't hear of this gross slur on his name.

A SCANTILY-CLAD Carole Caplin appeared on page three of the *Daily Telegraph* last week, alongside an account of her *Vanity Fair* interview about her relations with the Blairs. In returning for using *Vanity Fair*'s photo, the *Torygraph* was also obliged to reproduce the mag's front cover.

One of the most prominent headlines on the front cover was "The Spectacular Rise and Fall of Conrad Black". Oddly, however, in the version reproduced by the *Torygraph* this had been electronically airbrushed out, with the other cover-lines being shifted to fill the vacant space. Many congrats to craven editor Martin Newland: Stalin would be proud of you.



"Get your own washing out the dryer – can't you see I'm on the phone?"

Number crunching

300

■ Number of people who saw Betsy Schneider's pictures of her naked daughter at a gallery in East London

3,000,000

■ Number of people who saw her pictures in the *Sun* – along with one from a paedophile website, which the paper helpfully printed for comparison

***TELEGRAPH* editor Martin Newland continues his relentless quest to dampen his paper's desire to print pictures of "bikini-clad girls... under the pretence that it is news."**

"Tai Chi, an ancient form of exercise from China, has been found to improve the condition of people with heart diseases, high blood pressure, arthritis and multiple sclerosis... and helped to reduce falls in frail elderly people," ran a recent story by medical editor Celia Hall.

Accompanying the piece was a picture of two practitioners of the ancient Chinese art, both in skimpy midriff-baring sports gear, who had made it to the ripe old age of... their early twenties.

IT IS only four months since Piers "Morgan" Moron launched his TV series *The Importance of Being Famous* by attacking the "media-fuelled vacuum of C-grade celebrity nonsense". As he asked: "What is wrong with us? We are getting so obsessed by these people laughably called stars that we are developing quite scary levels of celebrity psychosis."

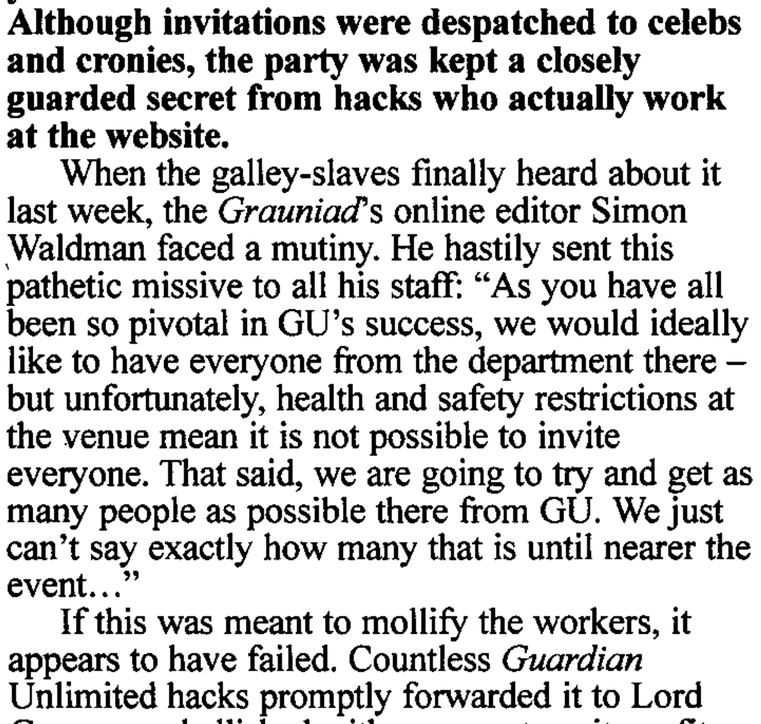
So how is the *Daily Moron* doing its bit to reduce the psychosis level? Why, by launching a weekly *3am Magazine* two weeks ago. So far readers have learned that Kerry McFadden's hubby Bryan wears pink nail varnish, that former Spice Girl Emma Bunton doesn't like faddy diets and that Victoria Beckham recently bought some grapes in Marks & Spencer.

Last November Piers claimed that nothing better exemplified "the strange, fame-gripped state our nation is now in" than the fact that people from *Pop Idol* are thought newsworthy. So what do we find in last week's *3am Magazine*? A two-page spread with "25 amazing facts" about, er, *Pop Idol*.

ALAN Rusbridger is hosting a lavish champagne reception at the old Gainsborough film studios later this month to celebrate five years of the "*Guardian* Unlimited" website. Although invitations were despatched to celebs and cronies, the party was kept a closely guarded secret from hacks who actually work at the website.

When the galley-slaves finally heard about it last week, the *Grauniad*'s online editor Simon Waldman faced a mutiny. He hastily sent this pathetic missive to all his staff: "As you have all been so pivotal in GU's success, we would ideally like to have everyone from the department there – but unfortunately, health and safety restrictions at the venue mean it is not possible to invite everyone. That said, we are going to try and get as many people as possible there from GU. We just can't say exactly how many that is until nearer the event..."

If this was meant to mollify the workers, it appears to have failed. Countless *Guardian* Unlimited hacks promptly forwarded it to Lord Gnome, embellished with comments quite unfit for publication in a family newspaper.



"He's the man who didn't have an affair with Princess Diana"

HACKWATCH SPECIAL

Dirty Des's Porn A-Go-Go

SO Richard "Dirty" Desmond has at last offloaded his porn mags, just in time to present himself as a thoroughly respectable bidder for the *Telegraph* group whose other interests won't give Sir Herbert Gussett palpitations. He has sold *Readers' Wives*, *Asian Babes*, *Big Ones* and 42 other throbbing organs to Remnant Media Ltd, a hitherto unknown company, for £20m.

Or so he claims. News of the sale was first revealed in those august financial journals the *Daily Star* and *Daily Express*. But is it all it seems?

The first mystery is the price tag. Three years ago a group of staff in Desmond's porn empire proposed a management buyout, offering to buy all the titles for a figure thought to be around £6m. During the due-diligence process, however, the consortium's backers at NatWest found that the figures "didn't stack up" and pulled out. If the magazines weren't worth £6m then, how could they possibly be worth £20m today – especially as most of them have lost readers over the past few years, and some now sell only a few hundred copies? "Twenty million!" one rival porn baron commented on hearing the news. "I wouldn't give you twenty quid for them!"

And where is the money coming from? Initially £9m of the asking price was to be put up by the Bank of Ireland on the understanding that Remnant would produce the other £11m. On Monday this week, the bank announced that it was withdrawing its support following protests from Irish Catholic organisations which threatened to withdraw their custom if it went into the porn business. There is no evidence that Remnant, a small company incorporated only last September, has even £11m in its coffers – let alone the £20m it now has to find.

The co-owners of Remnant Media are Simon Robinson and Aroon Maharajh. Robinson was a Mirror Group executive in the era of David "Rommel" Montgomery who has since worked as a PR man for gold prospectors in Mali and, perhaps more significantly, as an adviser on "new acquisitions" to none other than Richard Desmond. Maharajh is a former barrow-boy and mortgage broker whose chief claim to fame is his appearance on *Panorama* in 2000, at the height of dotcom mania, when he boasted that he was already a multi-millionaire "on paper" thanks to his internet portal Music Unsigned, which aimed to promote new pop singers online in the hope that big record companies would snap them up. Alas, the company folded within a year, with revenues of just £5,000 a month.

Where will this dynamic duo find the cash to pay Dirty Des? Last week they hired the stockbroker Hoodless Brennan to raise £1.5m in "new equity", with a view to floating Remnant Media on the AIM market. This still doesn't explain how they can write a cheque for £11m, if indeed they have.

There are bound to be suspicions that the alleged sale of the porn mags is nothing more than an "arm's-length deal", a smoke-and-mirrors illusion. But Simon Robinson assured the *Guardian* last week that he really has acquired 100 percent ownership of the titles, insisting that Desmond "could not have done an arm's-length deal because it would have come to light during the bidding for the *Telegraph*".

Even so, the magazines will remain little more than an arm's length away from Dirty Des. They will still be produced in his Northern & Shell HQ in Docklands, distributed by his N&S Distribution company, and advertised free of charge on his Fantasy TV channels. So what has changed?

Precious little. However hard he tries to distance himself from *Big Ones* and *Asian Babes*, Desmond has no intention of selling his porn TV business – understandably enough, since (unlike the wilting wank-mags) it is highly profitable. In short, he remains a porn baron, a very Dirty Des indeed, and Sir Herbert Gussett may yet have to reach for the smelling salts.

Moore Means Daily Getsworse?

TOBY MOORE was until two years ago the New York correspondent for the *Daily Express*, and is still a regular freelance feature-writer for the paper. But will this happy arrangement continue after Richard "Dirty" Desmond reads Moore's forthcoming novel, *Sleeping With the Fishes*?

The book's hero is the New York correspondent for an ailing mid-market British tabloid, the *Herald*. The paper has recently been bought by Sir Derek Stanley, a teetotal, foul-mouthed, cigar-chomping, kiwifruit-eating tycoon who keeps a drum-kit in his office – and whose ownership of porn-mags such as *Barbados Bombshells* and *Landlords' Wives* doesn't prevent him receiving regular invitations to tea with the prime minister. He fills his newspapers with pictures of Jordan and scare-stories about asylum-seekers.

If Desmond decides, however absurdly, that readers will mistake him for Sir Derek Stanley, he may be none too happy. For the fictional press magnate orders his New York correspondent to hire a mafia hitman who will rub out one of Stanley's rivals, an American porn-baron. When Stanley fails to pay the agreed fee, the mafiosi take an ingenious revenge.

In real life, of course, Dirty Des's only brush with the godfathers was in the early 1990s when his mags started running ads for sex-lines run by Richard "Ricky from the Bronx" Martino – who, unbeknown to Desmond, was a member of the Gambino crime syndicate. The deal went sour and the Americans demanded that Dirty Des pay them £2m. On a visit to New York in 1992, his then managing director Philip Bailey was abducted by gangsters who pistol-whipped him and applied a cattle-prod to his testicles. "Tell your boss Desmond he's a fucking dead man," they warned as they threw the terrified Bailey out of their car.

There was no evidence to link Martino with the attack.

Moore's novel carries the traditional disclaimer: "This is a work of fiction and is entirely the product of the author's imagination. The events and characters described are not real and any resemblance that any of the characters may have to real people is entirely coincidental." Quite so. For one thing, Dirty Des eats bananas rather than kiwifruit. Perhaps to emphasise that it is pure fiction, Penguin have chosen to publish the book on April Fool's Day.

THE NEOPHILIACS

"Mangoes are definitely the new kiwi fruit."
— *Caterer and Licensee.*

"Black is the new red for tomatoes."
— Reuters.

"Silence – it's the new black!"
— *Metro.*

"Is IT really the new electricity?"
— *IT Week.*

"Are friends the new family?"
— *Sunday Times.*

"Puppies are the new babies."
— *Star* magazine.

"Christian is the new gay."
— Christian PR man Jonathan Bock, MSNBC.

"Sophie IS the new Diana." — Richard Kay, *Daily Mail.*

"Is Kerry McFadden the new Yoko Ono?" — Eddie Mair, Radio 4.

"Syrah is the new Merlot, but what's the new Syrah?"
— Epicurious.com

"Glasgow: The New Black."
— New slogan from Greater Glasgow tourist board.

LICENSED troublemaker Peter Hain is at it again – this time warning Tony Blair to loosen up his centralised control over the Labour party.

By an amazing coincidence, a flurry of articles and pamphlets have appeared from Hain as party members meet for their spring conference in Manchester and another big policy forum pow-wow in the West Midlands. Thus Hain's warm words will be lapped up by the very same people who may one day... choose the next leader of the Labour party!

Hain won't mind taking some flak over his latest foray, not least because he knows the June Euro elections are likely to be an unmitigated disaster for the party.

PS: Labour's dwindling band of MEPs are so furious at the publicity churned out on their behalf by party HQ they have told new general-secretary Matt Carter to pulp it and start again. Last time some were even obliged to hand out leaflets declaring their hobbies – including cycling and love of cats.

"Oh no! A random maths test..."

CLARE SHORT, former international development minister, has been strangely silent since the heavy guns in Downing Street and the home office turned on her for claiming that British intelligence had bugged the office of UN secretary-general Kofi Annan.

In the immediate aftermath, nine loyalist MPs bayed for her blood at the weekly meeting of the parliamentary party (PLP) with the Dear Leader, while others demanded that she be dropped from the privy council. However, it hasn't escaped her enemies that Short is one of the few Labour MPs still to face reselection – and her Birmingham Ladywood constituency is distinctly cheesed off.

Not only has Short missed the local party's monthly management meetings for years, but her relations are so poor with many local members that they are not on speaking terms. In years gone by vulnerable high profile MPs could count on the party high command stepping in; but there will be no rescue by the cavalry this time.

SO WILL members of Labour's awkward squad have to face chief whip Hilary Armstrong's political firing squad and be blocked from standing as candidates at the next general election?

Armstrong is still furious at the mauling she received from mutinous backbenchers over university top-up fees and has threatened to withdraw party support from those constituencies represented by the rebels. However, Telegraph and Financial Times lobby correspondents received a briefing from an "unknown minister", purportedly speaking for Armstrong, who claimed that "Hilary and the whips' office" had "worked out the mechanism by which the MPs in question can be de-selected".

Those named as facing the chop included veteran troublemaker Bob Marshall Andrews, the elfin Lynne Jones and the sandal-wearing rebel Jeremy Corbyn. The hacks were told that the MPs could be deselected by Labour's national executive committee under special powers "invested in the general-secretary". However, as soon as it became apparent that both the Telegraph and FT intended to splash with the story, Labour's rapid rebuttal machine sprang into action. "It's rubbish!" said Hilary Armstrong. "Totally untrue!" said Labour's press office. Er, all true say the hacks who stand by their story.

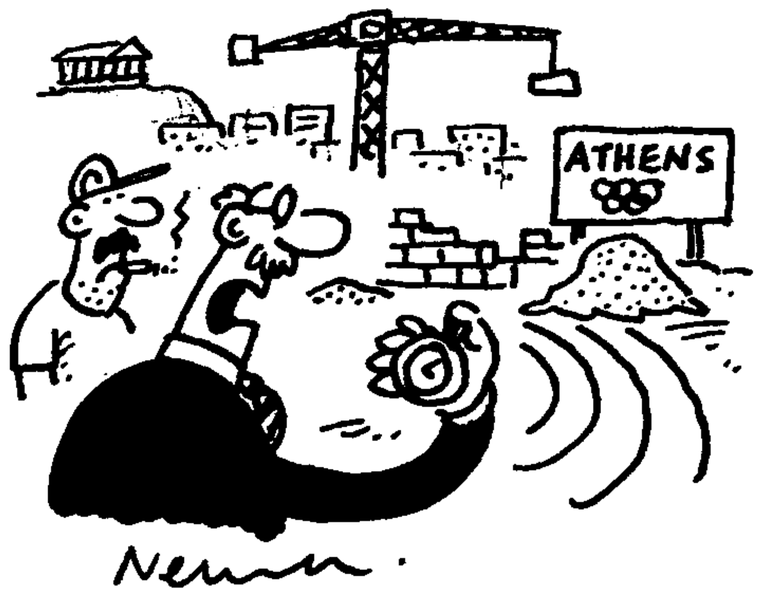
ACCUSATIONS of cronyism and freemasonry have been flying to and fro in the Welsh assembly after first minister Rhodri Morgan intervened to block the appointment of a leading barrister to the post of consul-general and attempted to parachute in a fellow "new" Labourite.

Gerard Elias QC was poised to take the £140,000-a-year post as first choice of the civil service commissioners; but Morgan vetoed their selection and asked if he could appoint another QC instead: Malcolm Bishop, who is a former Labour parliamentary candidate and had a reference from Derry Irvine, the ex-lord chancellor. The commissioners then vetoed that choice and the post is still unfilled.

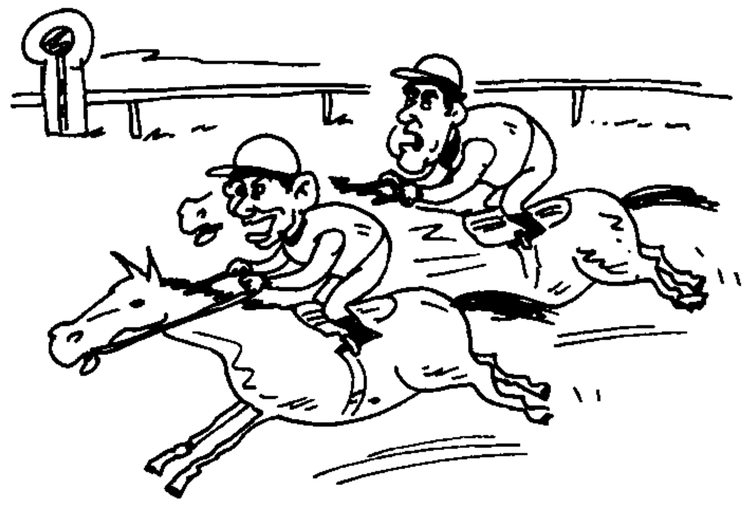
After the shenanigans were exposed on BBC Wales' *Dragon's Eye* programme, Morgan denied that his interference had anything to do with Mr Bishop's Labour credentials or Mr Elias's lack thereof. He said he was concerned that Mr Elias was a "prominent freemason" and a member of the Independent Supervisory Authority for Hunting. "I judged that the legal advice of a counsel-general prominently associated with these two controversial areas would not carry the necessary stamp of untrammelled authority throughout the assembly."

Mr Elias, whose other interests include being chairman of Glamorgan County Cricket Club, pointed out that he quit the freemasons seven years ago. Still, the loss of the post won't leave him penniless. He earned £1.4m from his work on the "gravy train for lawyers " – aka the Saville inquiry into Bloody Sunday.

THE United States government complained endlessly about the United Nations weapons inspectors' failure to find Saddam's weapons of mass destruction – until its own CIA-led Iraq Survey Group went to Iraq after the war and failed to find any germ bombs or gas rockets either.



"It's an Olympic record – the slowest stadium ever built!"



"Didn't we agree you'd fall off?"

However, the contempt shown by the US to the UN inspectors continues.

As the latest quarterly report from the UN inspectors at UNMOVIC (the United Nations Monitoring, Verification and Inspection Commission) notes: "During the period under review, no official information was available to UNMOVIC on either the work of, or the results of, the investigations of the United States-led Iraq Survey Group in Iraq. Nor has the Survey Group requested any information from UNMOVIC."

Not only did the Iraq Survey Group refuse to talk to the UN inspectors, but it did not have the courtesy to post them a copy of David Kay's report.

Private Eye asked the foreign office (FO) if it had made any effort to mediate. After all, Britain's top weapons expert Bryan Wells (who testified to the Hutton inquiry) is an UNMOVIC commissioner, and as America's top ally on Iraq, the UK is well placed to build bridges. Despite repeated calls, the FO did not respond.

MALCOLM RIFKIND, the new Conservative parliamentary candidate in Kensington & Chelsea, is facing embarrassment in the "split capital" fiasco.

At the beginning of March the financial services authority (FSA) revealed that it had called in the chairmen or chief executives of 21 firms being investigated over split capital investments – the supposedly risk-free schemes that lost millions for their investors.

The most prominent name in the debacle is Aberdeen Asset Management, on whose board Rifkind sits. He accepted that Aberdeen has a problem, "as do 19 or 20 other companies", but he told the *Eye* that as a non-executive director he was "not involved in the day to day management of the company. When companies have a problem like this it is for the non-executive directors to do their best and assist as best they can, not just in the interests of the shareholders, but also in the interests of the companies' reputation". He would not comment on the suggestion that Aberdeen was being forced into compensation by the FSA.

Rifkind is not the only top Tory caught up in the affair. Shadow transport minister Viscount Astor sits on the board of New Star Asset Management, which lost around £60m of investors' cash in what the firm called a "severe embarrassment". New Star is both partly owned by and an investor in Aberdeen Asset Management.

Warballs

"There are reasons that polygamy is illegal in our country. On 9/11 we saw what harem life can produce. A 47th son, such as Osama Bin Laden, rarely gets the quality time he needs with a father. Apparently, the results can be disastrous." — Wayland Smalley, US congressional candidate in Oklahoma.

"Yesterday L'Oréal reported a 10 percent rise in pre-tax profits to 1.87bn euros on sales down 1.8 percent at 14bn euros, despite having to cope with some of the worst currency fluctuations in the group's history, the impact of war in Iraq and the outbreak of Sars. 'You can't use lipstick wearing a face mask,' Mr Owen-Jones said." — *Grauniad.*

IT's "energy crisis" time again. On 10 March the Commons select committee on trade and industry said that consumers needed to spend £1bn to improve the grid so that privatised electricity companies can continue to make comfortable profits. This was accompanied by the Delphic statement of committee chairman Martin O'Neill that "the lights are not going to go out quickly but they could go out slowly."

Ofgem, the office of electricity and gas management, has certainly been slow to produce its findings on the black-out nine months ago; and the department of trade and industry has also kept its inquiry findings secret. They can be expected to show that more investment is needed from the government i.e. the public.

Meanwhile nobody is in a hurry to explain why an industry that has a 20 percent surplus in generating capacity is in such a mess. Could it be anything to do with the fact that it was privatised? By none other than John, now Lord, Wakeham as energy secretary before he went on to lend his talents to Enron.

A RECENT TV docudrama depicting Britain in the grip of power cuts a decade or so hence was disturbingly close to reality, sources in the power industry say.

Most scaremongering dramas are no more than bad science fiction, but it is true that since the electricity network was fragmented at privatisation, there has been no legal or financial incentive to maintain the sort of reserve capacity taken for granted in the days of the CEGB. Britain's power network is not as creakingly rubbish as that of the US, but another real heatwave summer (now we all have aircon) or a winter like that of 1962 could break the system.

At least we can now buy our juice from the French (while hoping that the rivers don't dry up like they did last summer, forcing them to turn off their nukes.)

BRUSSELS SPROUTS

THE European Commission (EC) has a devilish new tactic to get positive messages about the European Union (EU) across to citizens. It wants TV and radio production companies to work them into standard programmes.

The messages – all eminently worthy from the EU supporter's point of view – might concern EU enlargement via the arrival of Eastern European countries, the merits of a common defence policy or the need to deal with food safety issues across national borders. And the resourceful mandarins intend to increase EU citizens' exposure to such messages by spending the citizens' own money to bribe the programme-makers!

The commission has set aside 16.5m euros (£11m) to this end and will pay up to 300,000 euros (£200,000) towards the cost of making one TV programme and up to 75,000 euros (£50,000) on radio. The grants must not exceed half the total production costs and Brussels asked for tenders last year.

According to commission spokesman Reijo Kemppinen, the offer attracted 220 proposals from 15 member states. Now, 60 applicant radio and television production companies are to be awarded contracts and they *don't* have to say that they are being paid for by the EC.

Of the media companies who are going to benefit from this bribe, only one is British, says the commission.

IT HASN'T taken long for Eastern Europe's "mock" MEPs to learn the tricks of the trade in the Brussels and Strasbourg joint European parliament.

For the past year each of the new EU member countries has had "observer" MPs moonlighting on full wages and perks as they shadow the European legislators through the committee rooms and bars in their new home.

Alongside MEPs they get their normal wage, plus travel allowances, secretarial allowances, office allowances and a daily allowance for turning up. In order to collect the attendance allowance, rules state a member has to turn up to participate in the work of the parliament, signing in as proof of attendance.

However, after left-wing Austrian MEP Hans-Peter Martin was thrown out of the Socialist Group for revealing how colleagues would turn up for work, sign in and just leave having collected their £185, similar practices have surfaced among the newcomers.

They, however, have injected new blood into the scam. For unlike existing elected members who at least turned up in person to collect the money, the newcomers have been delegating one of their number to turn up and then forge up to ten signatures.

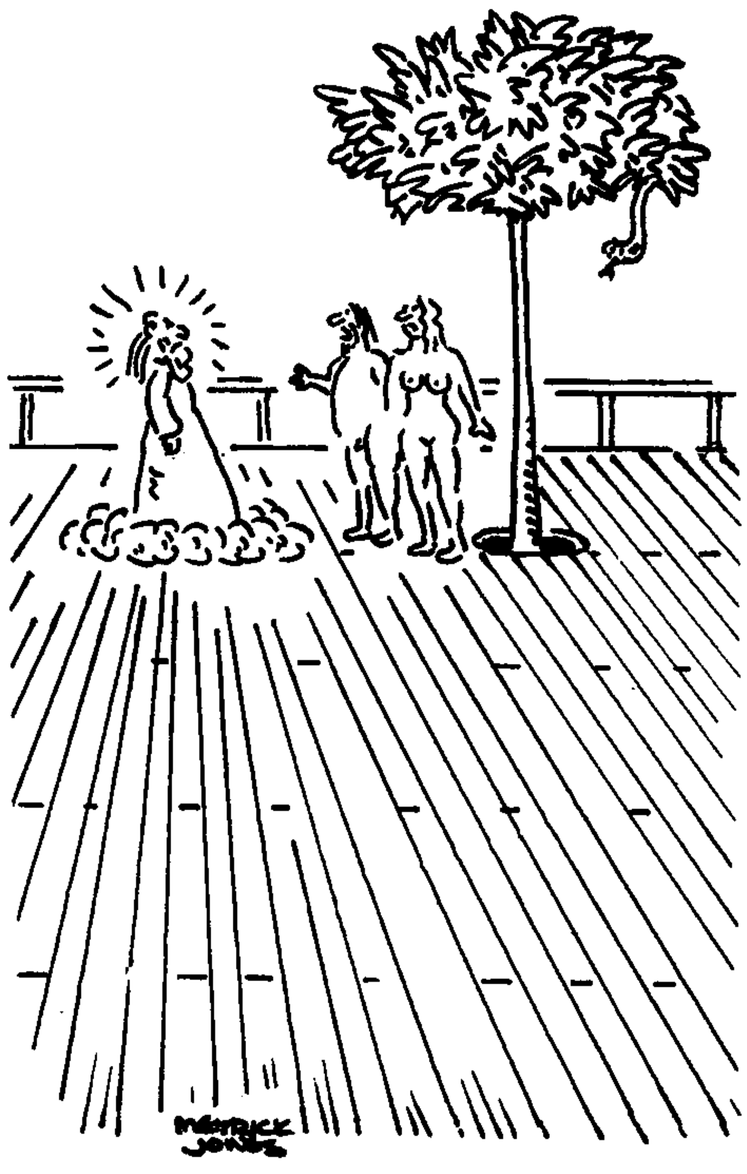
As nobody in the institution can recognise the mock MEPs' names, let alone their signatures, and as some haven't been seen at all in the last year, this has been easy to pull off. Now they are going home prior to their official election, nothing is going to be done about the fraud.

BULLDOZING the home of two Tory-voting pensioners isn't likely to win Conservative MEP Edward McMillan-Scott any votes. But that hasn't stopped the Euro MP from demanding that a new house should be demolished in a not-in-my-backyard row that has angered and entire village.

The village is nowhere near Mr McMillan-Scott's Euro-constituency of Yorkshire, but is Wick, in Worcestershire, where he has a 400-year-old grade-II listed home.

The almost-complete two bedroomed house is to be home to retired doctors Michael and Marjorie Cox who have lived in Wick for the past 15 years and who won planning permission for the property early last year. Wychavon council bosses have already said there will be no going back on their planning approval.

However, Mr McMillan-Scott has described the house as "ugly" and not suited to the conservation area and has been drumming up support from other villagers, calling a public meeting and sending out letters to every house in the village (except the Cox's current home). He also arranged to be photographed outside the Cox's new home by the local paper, without informing Mr and Mrs Cox. Not surprisingly all this has been very distressing to the Coxes who may be rethinking their voting habits come the June Euro-elections.



"The serpent said that decking would give a more contemporary feel to the garden"

"See the film!" "Read the book!"

AD NAUSEAM

TWO addled brands have stumbled back on to the radar in recent weeks, each accompanied by its own lumbering agency.

Guinness returns with a quasi-religious strapline ("Out of Darkness Comes Light"), and another 60-second indulgence. All Guinness's work since 1999 has been overshadowed by the success of the famed "Surfer" spot but this time round we get a genuine dud.

A moth – for it is he – invites a lost young man and his friends to follow several thousand other moths towards the alluring glow of a pub. Said moths then briefly mutate into the clouds in a pint of Guinness. The pint might look tasty, but the ad's message is hard to divine: drink Guinness and you'll make friends with insects? Or drink Guinness and you'll soon be headbutting lightbulbs until you die?

This folly is the product of Guinness's turbulent relationship with its agency of the last five years, Abbott Mead Vickers. Initially lauded after the success of Surfer, AMV is now on adland's death row. Partially it's its own fault – Surfer was followed by a spate of Guinness ads that were as dense and weighty as the drink itself. On the other hand, despite a near-constant TV presence, heavy backing of World Cup and Six Nations rugby and this new, £6.5m campaign, sales of the stout continue to fall, losing a further 3 percent in the second half of 2003.

AMV has been ordered to dispense with the arty-farty stuff and make an ad that sells product. Hence, what we get is basically a 60-second pack shot, drowning in so much brand imagery that the story tacked on as an afterthought could only be ludicrous.

The thinking behind it is risible: black-and-white liquid, er, darkness… light, er, moths like light… will this do? Chances are it won't and AMV will be replaced in the autumn.

LIKE Guinness, sales of KitKat – a brand with a strapline and agency (JWT) that have somehow endured since 1957 – are also waning, down 14.5 percent last year.

Unlike Guinness, JWT has assured owner Nestlé that the solution lies not in TV carpet-bombing but sales promotion and new product development. Hence last Friday marked the second "Big Break Day", a seemingly annual charade in which Nestlé endears itself to the rest of British business by encouraging all employees to knock off for 15 minutes at 3pm. The cost to Nestlé was £6m.

Other GM KitKats to look forward to include Lemon Cheesecake flavour (apparently a big hit in Germany), plus liquorice, passion fruit, saffron, cumin and masala variants, all of which are in research. With £48m assigned to advertising the new Kubes brand over five years and a target of hitting 96 percent of the population with its TV adverts, soon the public may indeed want a break – but probably not a KitKat.

Ant & Dec's Saturday Night Takeaway (ITV1)

IN a recent newspaper interview, Ant (or possibly Dec) talked about a bizarre recent encounter in a bar. A drinker had come up to him and said: "You're Ant (or Dec), aren't you?" But he wasn't; he was the other one. And so he politely replied: "No, actually I'm Dec (or Ant)." At this point, the boozy viewer accused him of pretending to be the other one – "Nah, you're actually Ant (or Dec)" – and tried to hit him. Poor Ant (or Dec).

But this story touches on the strangeness of the first truly interchangeable double-act.

With Ant & Dec, it used to be easy to tell them apart because, on screen, Ant always stood on the left and Dec on the right. It was even rumoured that these positions were stipulated in their contracts by an ITV1 horrified to have created the first television superstars who no viewer could recognise. But the lads, who are showing signs of becoming irritated by their lack of individuality, started mixing it up during the most recent *I'm A Celebrity Get... Me Out Of Here!*, switching from side to side like insomniacs.

On **Saturday Night Takeaway**, their first TV series since the third *I'm A Celebrity* established them as the most bankable presenters in television, the couple actually began by asking the audience as they came into the studio if they could tell them apart. They couldn't.

In fact, there's a simple trick which is used by their producers and others who work on their shows. You might expect someone called Ant to be small but he's the taller, balding one. The shorter, chubbier one is closer to the deck. Admittedly this only works if they're standing next to each other – but usually they are.

But the fact that the new variety series began with an item about the presenters reveals the problem of the show. Many television hosts – from Eamonn Holmes to Michael Barrymore – have been accused of a certain self-regard but none has ever actually become the entire subject of their show. Yet, though Ant & Dec's persona is laid-back and easy-going, everything on *Saturday Night Takeaway* in some way relates to them or their other shows.

Their first guest, Kerry McFadden, connects to *I'm A Celebrity*; their last one, Will Young, stretches back to *Pop Idol*. Matthew Kelly's biggest regret is that he never got them to do *Celebrity Stars In Their Eyes* and so the duo perform an appalling, unrehearsed version of *Dancing In The Street* as Jagger and Bowie. (That "unrehearsed", by the way, is not an insult. The show makes a point of the fact that it was sprung on them without warning. But their crap karaoke just shows them up.)

The result is that the show becomes more like Ant & Dec's *This Is Your Life* than a general entertainment format; and presenters who were most notable for their low-key charm are made to seem ridiculously egotistical.

But the thought of week after week of such self-reference almost becomes appealing in comparison to the non-biographical sections of the format. "Grab The Ads" is a game-show in which a contestant who answers a few sub-*Millionaire* questions wins all the items advertised during a particular ITV1 show the previous week.

Apart from being yet another self-reference within the show, this gives extra free advertising to all the companies involved, which feels queasy even on a commercial channel. Also given a helping hand in this way is a takeaway food company somewhere in the country whose delivery is intercepted and delivered to the door with a film crew and £3,000 thrown in. How smart of ITV to encourage sales of pizzas and curries in the very week that the government was targeting fast food.

Ant & Dec's status as the chicken korma of broadcasting will struggle to survive this series. What ITV1 never seems to learn — despite the experience of seeing the careers of once-bankable stars such as Anthea Turner dissolve on screen — is that success in television is almost always down to formats rather than performers.

Definitive proof of this is that two of the most successful entertainment shows of recent times – *Noel's House Party* and *TFI Friday* – were fronted by two of the most irritating and divisive figures ever to reach the screen: Noel Edmonds and Chris Evans. For as long as the shows were good enough, the audience forgave their personalities.

Ant & Dec have the opposite problem. While some viewers may feel that a little Geordie jauntiness goes a long way, they are genuinely engaging blokes who are unusually natural in front of a camera. But neither they nor ITV1 should start to think that people tuned into *Pop Idol* and *I'm A Celebrity* because of the cute twosome. It's the formats, stupid. And *Saturday Night Takeaway* suggests that Ant & Dec can look pretty stupid without a good one.

'Remote Controller'

MEDIA NEWS

SHOCK horror! "A close friend of the former BBC director-general Lord Birt is emerging as a strong contender to chair the corporation's board of governors," the *Guardian* reported last Friday. The friend in question is Lord Burns, chairman of the Abbey National – now renamed "Abbey" in a fit of Birt-style rebranding.

"It has been reported," the *Grauniad* added, "that Lord Birt has been pressing Lord Burns's case at high levels." Indeed it has – as long ago as 6 February, when the *Eye* revealed that "Birt is urging his friends in high places to give Terry Burns the BBC chairmanship". We also noted that Burns was a crony of Tony Blair as well as a friend and holiday companion of John Birt – points duly repeated by the *Guardian*, which noted that "if he is appointed allegations of cronyism are bound to follow".

But never mind the cronyism. Never mind, even, the fact that Burns has no experience or knowledge of broadcasting: that didn't stop Tessa Jowell appointing him last year as an "independent adviser" to the official review of the BBC charter. There is surely a rather more glaring reason his appointment ought to be unthinkable. In the past two years, under Burns's helmsmanship, Abbey has run up losses of more than £1.6bn. The share price, which stood at £10.43 when he took charge, was down to 458p by Monday this week.

Burns will clearly be working hard to undo this disaster. So how on earth will he find time to put in the four days a week required of a BBC chairman? This is a problem that even Lord Birt's famously analytical brain may be unable to answer.

THERE is fury among BBC staff at the current "star chamber" disciplinary hearings, where figures such as director of news Richard Sambrook and *Today* editor Kevin Marsh are being grilled about their roles in the Gilligan affair – and may be forced to resign if the verdict goes against them.

What causes most indignation is the identity of the inquisitor-in-chief chosen by acting chairman Lord Ryder to operate the rack and thumbscrews: none other than Caroline Thomson, the BBC's director of public policy.

Thomson's official role as the person who is supposed to maintain good relations between the corporation and the government ought to disqualify her anyway from passing judgement on the conduct of BBC journalists, whose role is entirely different. But she also happens to be married to Roger "Piggy" Liddle, who works at 10 Downing Street as a senior adviser to none other than Tony Blair. Given the political sensitivities of the disciplinary hearings, why on earth was Thomson chosen – and why didn't she ask to be excused? What applied even to Caesar's wife must surely apply to the wife of Piggy Liddle.

"Your chosen subject is 'Programmes I don't watch'. Starting now... which part of Jordan's anatomy did Lord Brockett...?"

ICM's research for *Panorama* was bad news for the "Getting Closer To Our Audiences" initiative, part of the "Making It Happen" idea conceived by Greg Dyke and cohorts of consultants but now revealed as an expensive flop.

"Audience Insight Managers" were recruited, vox-pops and road shows commissioned and "a truly audience focused culture" created. "By using and applying audience and trends information as creative stimulus at the heart of the development process, this team is beginning to make a real difference to programmes."

Oh yeah? As revealed on *Panorama*, 54 percent of audiences think the BBC has dumbed down and only 37 percent think they can tell the difference between BBC programmes and those of other broadcasters.

DUMB BRITAIN

24 Hour Quiz, ITV

Unseen questionmaster: Who sang the song "Je t'aime" with Jane Birkin?

Two contestants (*given a choice of three answers*): Jacques Chirac.

The Weakest Link, BBC2

Anne Robinson: William Burroughs' novel, first published in 1959, was "The Naked..." what?

Contestant: Chef.

Anne Robinson: In politics, what is the current occupation of David Blunkett?

Contestant: Blind.

You Say We Pay, Richard And Judy, C4

Contestant: It stands in a field and it shouts "moo".

Richard Madeley: A sheep.

JUST FANCY THAT!

Hustle
9pm, BBC1

"In the third episode of this drama, the most fortuitous con artists in criminal history turn their attentions to an art scam. Their target is gallery owner Meredith Gates (Orla Brady); and as is always the case with the rogues in this series, he's filthy rich, greedy and unscrupulous. He's also a huge admirer of Mondrian [etc].

— Neil Crossley, *Guardian*, 9 March

● Unfortunately, Orla Brady is a woman, as is Meredith Gates, the character she plays. Which makes Crossley's review as daft as the programme he can't have watched.

FTV 2

Nighty Night (BBC2)

THERE are many things that BBC3 isn't – it isn't available to all licence-fee payers, it isn't fulfilling its original brief, and it isn't watched by anyone. But it has turned out to be a useful potting shed for new comedy.

Little Britain has been its most conspicuous success; its failures have, by definition, been less conspicuous. Although the grounds for what grants a series promotion to the big league remain unclear, suggesting there aren't any, **Nighty Night** has clearly passed that test, as on Monday it began its run on BBC2.

With a confident, taut script and a cast including Angus Deayton – TV entertainment's very own prodigal son – it's hard to deny the programme deserves a place on the mainstream roster. Where you might quibble, however, is with its definition as a comedy, with its jokes about multiple sclerosis, incipient cancer, emotional repression etc, etc. Episode one introduced us to Jill Tyrell, the manager of a beauty salon and a cold, conniving harridan in the midst of an unlikely ensemble of pariahs. Jill was a woman so emotionally withered that by the end of the episode she'd told anyone who'd listen that her husband was dead. He wasn't.

She said it because she wanted a bit of attention and a crack at her new next-door neighbour, the dashing doctor Don (Deayton). Unfortunately, he was married, but luckily for Jill, his wife Cathy had multiple sclerosis and was in a wheelchair, so it was quite easy to get her out of the picture – Jill left her at the bottom of a hill.

The opening episode also mused on the problems of fellatio in a neck brace, made hay at the tribulations of an ugly Scottish widower with a facial tic, and ended, appropriately, with the suicide of a recent divorcee, largely because she'd visited Jill's salon. In *Nighty Night*, the weak suffered the most, hope only existed to be dashed and what humour there was, was as black as pitch.

None of this makes a programme bad: in fact in the current critical climate it makes it pretty much unassailable. (*Nighty Night* is written by and stars Julia Davis, one of the leading lights of a new comedy mafia that now centres around Steve Coogan's Baby Cow production company.) But there remains a nagging sense that all this might be uncomfortable because it's simply unpleasant, rather than revealing any momentous human truths.

It may not be a palatable apercu among media-types, but could it be that the wheelchair, MS, ugly and cancer jokes are no more than what they appear to be: just attacks on the weak? Is this new comedy acutely daring? Or is it just old-fashionedly callous?

'The Zapper'

I-SKY

THE *Sunday Times*'s front page carried the story of the five people arrested by Spanish police in connection with the Madrid bombings.

The arrests were announced live on television by Spain's interior minister Angel Acebes, so the *Sunday Times* ran a vast still of the Spanish minister with a huge banner underneath the picture saying er… guess what? "Sky News Flash".

LUVVIES

"I'm going to miss the whole thing. You know, Danny DeVito just did our show, and he was saying, like, a year later it hits... The most consistent thing I've had in my entire life has been this television show and these people, and they're my heart and soul and I can't even imagine... It's just an amazing, beautiful thing that we got to have."

JENNIFER ANISTON
Guardian Unlimited

Submitted by Emma Smith.

An occasional column devoted to gems from the acting profession. £10 paid for entries.

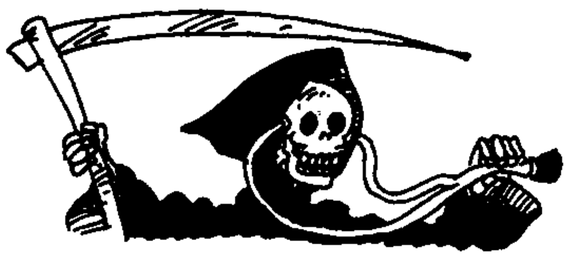
OUT OF CON-TEXT

THE publicists for dire lottery-funded Brit film *Sex Lives of the Potato Men* had their work cut out finding quotes to grace the movie's posters… but they have done a fine job.

The quoted verdict of the *Sunday Mirror* was: "Could be the lads film of the year…". In fact, the ellipsis neatly hid reviewer Mark Adams' qualification "...if viewed after several pints and a curry", and ignored completely his comment that non-lads "are going to brand this movie one of the worst British films for an age."

SUPERMODELS

KERBER



DOING THE ROUNDS

Diary of a Junior Doctor

"I WORK in a very flash new PFI [*private finance initiative*] hospital which wasn't big enough when it opened, is falling to bits and has crap staff facilities. Naturally, it has won a "better public buildings" award from no less than Tony Blair himself, according to the plaque by the lifts.

Due to the lack of theatre space, two store cupboards have been converted into operating theatres, one corridor is now a coffee room and the coffee room is being turned into another theatre. A major scam involving the anaesthetists and the orthopods had them doing waiting list initiatives (hips and knees) at the weekends for phenomenal amounts of cash, thus ensuring there were no beds left in the hospital on Monday morning. This obsession with waiting lists is enabling some people to screw the NHS blind.

* * *

THE INTENSIVE Care society did a press release before Xmas saying there were insufficient ITU/HDU [*intensive therapy/treatment unit; high-dependancy unit*] beds; and if we got a big flu epidemic there could be a disaster. John Reid [*health secretary*] described this as scaremongering. But every ITU I have ever been in contact with has been full on a regular basis. We often cancel cancer surgery because of a lack of ITU/HDU beds.

There are new high-dependency "areas" on general surgical wards, but these beds do not in any way resemble high-dependency unit beds in terms of monitoring available or staff/patient ratios. Often it's just a bed near the nurse's station and no extra staffing.

* * *

THE QUEEN visited our hospital today. To open it. It's been open for three years, but they had to wait until it was finished. The entire place has been tarted up and they barricaded off all the stairwells – until I pointed out that the crash team couldn't get through to a cardiac arrest.

The Queen only visited one ward (care of the elderly). They moved all the confused patients to another ward, brought in extra nurses and put the patient who expressed the opinion "Oi ain't gunna bow to 'er, she no better than oi be" in a side room and shut the door. They also redeployed all the Filipino nurses on duty to another ward. These poor buggers come over here to prop up the NHS, get treated like shit and then get hidden from view when the Queen comes because they don't look right.

* * *

UPDATE ON the waiting list initiatives (WLI). Almost all the orthopods have stopped doing them as they are knackered and feel it is a con, and a terrible strain on the nurses and juniors who have to look after the patients.

One has continued, and is doing almost all of them. He has been doing NHS patients as waiting list initiatives at the local BUPA hospital. He has just been reported to the GMC (by a BUPA nurse) as he has allegedly been neglecting post-op care on the NHS patients. The general consensus is that he is doing so much WLI work, he can't have time for post-op care.
When they're done in the NHS hospital, the juniors do it for him, but at BUPA with no juniors, well you can guess what happens."

off your trolley

REEVE & WAY

NURSE, PLEASE CAN I BE MOVED?
I'M SORRY, YOU'LL JUST HAVE TO GET USED TO IT...
MY NEIGHBOUR'S CONSTANT RANTS, GROANS AND SHOUTS OF ABUSE ARE KEEPING ME AWAKE
MANAGEMENT ALWAYS GOES ON LIKE THAT
ADMIN
ALL THAT ON COTTON WOOL? F@#*ING PATIENTS CAN BRING IN KITCHEN TOWELS!!

SIGNAL FAILURES

THE accident last month which killed four track workers in Tebay, Cumbria, highlights the dangers of continuing to rely on contractors to renew railway track.

An official investigation will focus on why a trolley laden with rails rolled downhill to kill men on the track four miles away; and it will recommend tighter rules to ensure it can't happen again. But Network Rail's investigation has already discovered that trolleys had rolled away *several times before*. Though the consequences weren't serious, staff involved kept quiet because they were afraid of being blamed for shoddy work practices. Only a fatal accident exposed the problem.

Fear of reporting safety problems is a result of rail fragmentation. By 2002 there were 1,469 different companies employing maintenance workers on the railways. Before privatisation there was one company, helped by a few suppliers of specialist equipment. Today, if a labourer working for a small sub-contractor spots a flawed working practice, he will report it only if he appreciates the potential dangers and knows that his boss won't accuse him of interference or impudence. The boss may then hesitate to tell NR or the contractor that appointed him because it would expose his own failings when there are many other sub-contractors who can do the same job.

The problem is such a big concern that in 2000 a confidential "no blame" system was set up for staff to report safety issues. But as Tebay showed, that system isn't enough to overcome the fear and insecurity inherent in a competitive maintenance environment. And if track workers are too scared to report runaway trolleys, how many other safety problems haven't been flagged up?

Given the magnitude of the problem, why is NR now negotiating contracts for track replacement, with Jarvis reportedly in the running for a five-year, £350m contract on the King's Cross line? The answer may be that bringing renewal contracts in-house has been shelved as "too difficult".

Last autumn NR decided to bring track maintenance in-house. But buying out the contracts and absorbing 18,000 maintenance staff is hard enough without the complication of buying out renewal contracts too and somehow securing the machinery which contractors like Jarvis have bought themselves (*Eye* 1093).

So though private-sector competition in track renewals and an open safety culture are mutually exclusive, for now the competitive structure (which even the Tories admit was wrong) continues to take precedence over safety.

'Dr B. Ching'

JERSEY CREAM

CONNEX, having sold its pisspoor London bus company and been kicked out of its two English rail franchises, is still causing grief in Jersey.

In September 2002 it took over the island's state-owned bus network from Jerseybus and chaos reigned. First, Connex refused to run relief buses, claiming they weren't in its contract. They were. It then introduced 33 new buses which were smaller than the old ones. "Their size and design has enabled the vehicles to be extremely manoeuvrable in heavy traffic," said the Jersey government, ignoring the overcrowding.

While Jerseybus had granted its drivers a shift allowance to make up for the overtime they would lose for no longer driving school buses after Connex was selected as operator, Connex claimed it hadn't known of the pay rise. Foolishly, the government handed Connex another £187,000 and Maurice Dubras, president of the public services committee, blamed Jerseybus and the TGWU for keeping details of the allowance secret.

Whoops! Connex's tender document stated that its budgeted costs included "payment in full of the 2002 wage award". And when Jersey's auditor began to investigate, she found that *all* the bidders and the government had been told of the claim for a shift allowance. Jersey's public services committee resigned over the fiasco last month; and Dubras stood down and apologised to Jerseybus managers and the TGWU after admitting he *had* known of the deal before Connex took over.

A public inquiry is now to be held into how Connex won the business. Ted Vibert, a Jersey senator, thinks that if Connex had included the shift allowance and relief services in its bid, Jerseybus would have greatly undercut Connex. "We had an adequate bus service in 2001 which was not much different to that of today," he says. "The big difference is that in 2001 it cost the taxpayer £710,000. Last year it was £2.4m."

ROTTEN BOROUGHS

COLE NOT DOLE

DONCASTER's elected mayor Martin Winter received a rapid response to his selfless gesture of accepting a 50 percent wage rise last month (*Eye* 1099).

In a by-election for the Mexborough ward, unknown candidate Sue Phillips doubled the Lib-Dems' majority to a stonking 800 votes. The Liberals had made gleeful capital out of Winter's fat-cat pay rise and freebie car deal (*Eye* 1093).

Moreover, they also cited his spectacular own goal when he failed to pick up on a likely planning refusal for a children's hospice. A local charity had raised millions of pounds, only to have the intended site rejected because it would spoil the tree line. Winter didn't notice the problem until the damage was done, and his clumsy attempt at intervention merely underlined his omission.

Last month 1,000 people turned out to protest at Winter's pay hike, and 10,000 signed a petition against it. Meanwhile *Newsnight* ran an item on Winter's various public-funded "business" ventures (only two years behind the *Eye* – see issue 1049). With Winter's gift for bad publicity, the local Labour mafia is beginning to panic. Alternative candidates are being sounded out for next year's mayoral election, the most insistent of whom is Phil Cole, husband of home office minister and Don Valley MP Caroline Flint. Cole has in the past taken to lecturing the council on its shortcomings and there is growing support for the idea of dropping him in it.

● ***EYE* 1100 reported how councillors in Poole, Dorset, felt that a top-of-the-range Volvo wasn't grand enough for their mayor, Ray Smith. So ways were being examined in which he might be provided with a £64,000 stretch limo. In a cruel example of the north-south divide, we learn that in deprived Rochdale, Lancashire, the mayor, Sultan Ali, makes do with a Volvo S80 Executive. Fortunately any "status anxiety" Ali may feel is assuaged by the two televisions, the DVD player and the fridge with which the vehicle is fitted.**

ALBY DAMNED

THE KNIVES are out for Alby Tebbutt, stalwart of Havering council and this column. The veteran Tory councillor, aka "the Removals King of Romford" (*Eyes passim*), faces an assault charge arising from a heated meeting of the council's Conservative group last October.

Tebbutt is out of step with his Tory cabinet colleagues, who want to close the RJ Mitchell primary school in Hornchurch because of falling numbers. He has backed a campaign to keep the school open, and joined Labour councillors and parents on a demo before Christmas.

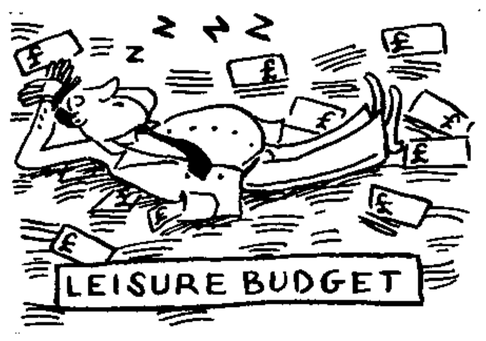
In the course of an animated discussion of the issue, Havering's cabinet member for education, fellow Tory Joe Webster, wagged a pencil in front of Tebbutt's face. Tebbutt knocked it from Webster's hand and, in doing so, struck a glancing blow to his face. Webster complained to Inspector Knacker and Tebbutt will shortly appear before magistrates, charged with common assault.

Alby says the blow was an accident and describes his prosecution as "the most enormous waste of public money". Should Tebbutt, 64, receive a prison sentence of three months or more, he will be barred from serving as a councillor for five years and lose £36,400 a year in allowances, even if the sentence is suspended.

Historical note: RJ Mitchell school is named after the man who designed the Spitfire fighter plane. It opened in 1968 on the site of RAF Hornchurch, a front-line airfield during the Battle of Britain.

IN AT THE DEEP END

LEISURE CONNECTION, the private firm which learns £1.5m a year for running Hackney's intermittently-open swimming pools (*Eye* 1100), manages 120 sites under 50 contracts across Britain, mainly with local authorities. Like Hackney pools' opening times, its record is patchy.



Last year a report on **Salisbury**'s new £6m pool found that within three months of the opening ceremony facilities were "dirty", the swimming pool a "shambles", waste-water filters were clogged with hair, thermostats broken and there was no hot water in the showers – similar problems to those that bedevilled Hackney's "state-of-the-art" Clissold pool before it closed.

In 2002 water quality tests conducted by *Which?* magazine at Mole Valley council's **Dorking** swimming pool concluded that it posed a "potentially serious health risk". Eighteen months ago it was revealed that, at **Great Yarmouth**'s seafront Marina Sports Centre, cleaning and maintenance equipment were poorly maintained. The kitchens were so dirty that a catering firm providing food for a conference felt it necessary to call in environmental health inspectors rather than risk poisoning delegates.

In **Brent** the health and safety standards at Vale Farm leisure centre are the subject of a council inquiry. Meanwhile **Cheltenham** booted out Leisure Connection in 2003 after seven years of mismanagement.

Swim, anyone?

THAT'S YOUR LOTT

BATH and North East Somerset (Banes) council's decision to rush through the transfer of its 9,500 houses to a housing trust in 1999 involved "inappropriate and unlawful actions on several fronts", concludes the final public interest report of district auditor Richard Lott.

He adds that "some council officers and external advisers allowed their enthusiasm for the transfer and their concern to proceed without delay to get in the way of ensuring the council acted carefully, reasonably and lawfully at all times". Biased publicity material was sent to tenants ahead of the transfer vote; there was lack of clarity on rent guarantees and the council did not advertise the fact that the transfer also included open space land.

In short Banes flogged its housing stock off cheap for £87m and used what Lott calls "scaremongering" in information sent to tenants who might be considering voting against.

Quite how all this squares with Lott's bosses at the audit commission giving Banes a "good" rating this year and the *Sunday Times* placing it sixth in a league of the 10 most "high performing" councils in the country is anyone's guess. Meanwhile a £9m shortfall in funding for the notoriously late Bath Spa project (*Eyes passim*) has been met from the proceeds of the housing stock sale. Bath tenant Alexander Johnston, who has waged a long campaign against the sale, has written to the Millennium Commission, which gave the Spa £8m, asking if it is happy that one of its flagship projects is being part-funded by what the district auditor has judged an unlawful receipt.

LEVELLING THE PLAYING FIELDS

PRIVATE firms developing schools in Scotland are about to get their grubby hands on sports fields used by hundreds of children.

In **South Ayrshire**, the Old Racecourse sports ground is home to several football, rugby and hockey clubs, with kids from eight upwards all playing regular matches there. But South Ayrshire council has announced plans to build a replacement school for the 500-pupil Ayr Grammar Primary on the site as part of a £60m public-private partnership (PPP) deal encompassing six new schools, already approved and part-funded by the Scottish Executive.

With the Ayr Grammar project described by the council as a "key component" of the deal, locals wonder whether prime playing fields are being sacrificed to create an appealing package for the private sector. Hardly in keeping with the Scottish Executive's "Let's make Scotland more active" strategy.

Elsewhere in Scotland, **Renfrewshire Schools Partnership** (a private finance consortium of Amey, BPO, Carillion and the Bank of Scotland) looks set to flog off playing fields attached to Gryffe High School in the village of Houston. Villagers' fears seem well founded: engineers have already carried out test boring at the site.

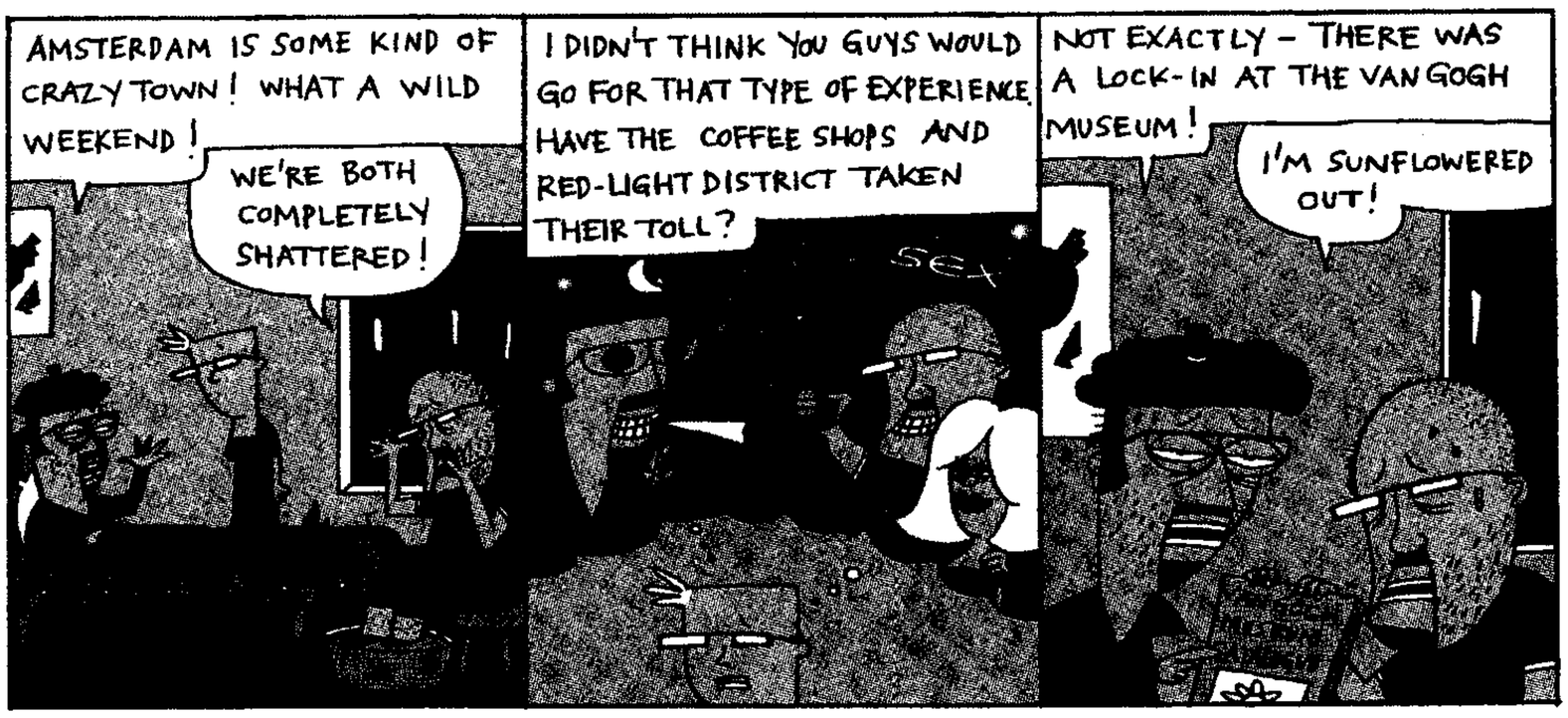
"Insiders" at Renfrewshire council have told the local paper that 70 homes could be built on land next to the school, with an astro-turf football pitch as a sop to "maintaining provision". Councillors have started to talk of "surplus land at certain sites" and are making weasel-like promises that there will be "no overall reduction" in sports pitches.

Both these Scottish plans should be scrutinised by the Playing Fields Monitoring Group (PFMG), set up in 2000 ostensibly to provide figures every month relating to the sale of playing fields. However, in answer to a question in the Lords last month, Lord McIntosh revealed that the group had only published its findings twice and last met in May 2003.

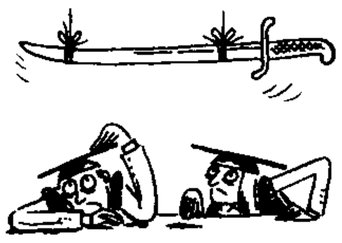
Despite government pledges to halt the sale of outdoor space for schoolchildren, figures suggest a 25 percent increase in playing field planning approvals. In a desperate attempt to put a positive spin on these figures, culture secretary Tessa Jowell tried to suggest that many of the applications were for all-weather pitches and floodlighting. "90 percent of approved cases have benefited sport or at the very least left it unaffected," she said.

Ninety percent, eh? So by its own admission, the government has already decimated playing fields in the UK.

IT'S GRIM UP NORTH LONDON — KNIFE & PACKER


AMSTERDAM IS SOME KIND OF CRAZY TOWN! WHAT A WILD WEEKEND!
WE'RE BOTH COMPLETELY SHATTERED!
I DIDN'T THINK YOU GUYS WOULD GO FOR THAT TYPE OF EXPERIENCE. HAVE THE COFFEE SHOPS AND RED-LIGHT DISTRICT TAKEN THEIR TOLL?
SEX
NOT EXACTLY – THERE WAS A LOCK-IN AT THE VAN GOGH MUSEUM!
I'M SUNFLOWERED OUT!

HIGH PRINCIPALS



A POTENTIALLY embarrassing problem arose recently for Professor Richard Davies, vice-chancellor of the University of Wales at Swansea, when an application to be head of the university's new school of management came in from his old colleague (and co-author of specialist papers) at the University of Wales Institute of Science and Technology, Professor Neil O'Farrell.

Prof Davies was keen on Prof O'Farrell's appointment, but there was a snag. The university's code of conduct on personal relationships states that if any member of staff hears of a job application to the university from someone he or she knows, the existing staff member "is required to make the relationship known to the relevant authority". The code then states categorically: "The authority will then ensure that the member of staff is not involved in the appointment process."

What was Prof Davies to do? He was a member of staff. He was also the relevant authority who should be informed of his relationship with Prof O'Farrell. Moreover, if the strict letter of the code of conduct was observed, he should not take part in the appointment process. In the event, he chaired the appointment panel, which duly appointed Prof O'Farrell.

Asked whether the right procedure had been followed, a university spokeswoman told the *Eye* that the code of conduct had "not been contravened". It was part of the rules of the university, she explained, that the vice-chancellor should chair the appointments panel in such circumstances. "In the interests of a fair selection process," she went on, "the vice-chancellor had declared his knowledge of two interviewees to the chair of council."

WELCOME back Michael Blagden, principal of Southgate College in north London and friend of Michael Portillo.

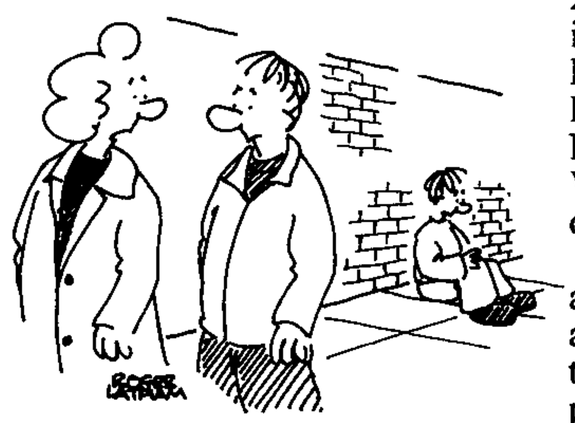
Back in 1997 his dismissal of 45 staff, and freezing the pay of those who remained, sparked anger, not least because of the staggering sums he was paying himself. Of course, back then his salary was a meagre £80,000, compared to the £105,000 package the *TES* now says he is earning.

Inspection service Ofsted this month delivered its judgement on Mr Blagden – and it is damning. In two thirds of the curriculum areas inspected, the college was deemed "unsatisfactory" – perhaps in part due to the loss of experienced staff. In their report, inspectors noted: "Leadership and management are unsatisfactory. Several issues identified in the last inspection have not been addressed with sufficient determination."

DOWN ON THE FARM

THERE has only been one real talking point in the farming world lately – and it's not the decision of Margaret Beckett (aka Rosa Klebb) to allow farmers to grow GM maize. The media seem incapable of understanding that decisions on GM crops aren't taken in London but Brussels; and so long as Brussels had given the go-ahead, there was nothing Beckett could do about it. Or that she can do about much else.

There is, however, one exception to this; and it is the exception which has thrown those responsible for Britain's countryside, including the National Trust, the Royal Society for the Protection of Birds and the NFU, into uproar. Rosa has taken a decision so bizarre it has left farmers and conservation bodies reeling in astonishment.



"Isn't he agricultural story editor of 'The Archers'?"

Under changes to the EU subsidy system, farmers are no longer to be paid for producing food but simply for how much land they farm. The idea is that they should be paid to keep the countryside in good shape for tourists and wildlife. But Brussels has left it up to member states and regional governments, like those in Scotland and Wales, to decide how these "single farm payments" should be made (with the proviso that it must not represent too dramatic a change from the subsidy levels paid at present).

The Scots and Welsh have chosen the "historic payment" approach, whereby farmers will continue to get much what they do now. Rosa, however, has decided that English farmers should be divided into two categories: sheep and goats.

Most farmers will receive a generous "single farm payment" of £230 a hectare, enabling them to survive pretty comfortably. But the fate of the 20,000-odd farmers who live in hill country such as the Lake District, Exmoor and Dartmoor, the Peak district, North Yorkshire and the Welsh borders, is to be very different.

These have been classified as "severely disadvantaged areas" (SDAs). And though the normal human response to people who are "seriously disadvantaged" is to help them, Mrs Beckett has decided to make farmers in the SDAs even more disadvantaged. She has ruled that their subsidies must be slashed to a mere £65 a hectare, barely a third of that received by the farmers with whom they have to compete.

Hardest hit will be 4,000 beef and dairy farmers, whose cattle play a vital part in keeping the uplands of Britain rich in wildlife and attractive to tourists. Faced with Rosa's cruelly unlevel playing field, there is no way most will be able to survive, leaving vast tracts of upland Britain to return to an empty and sterile wilderness.

'Muckspreader'

NOOKS and CORNERS

READERS who recall the threat to the neglected Knutsford Sessions House, that sublime Neo-Classical design by George Moneypenny (*Eye* 1066), will be happy to learn that vociferous and intelligent local protest has obliged the lord chancellor's department to change its mind and that £1.5m is to be spent repairing and upgrading the building so it can continue as a crown court.

This is a rare bright spot in a generally gloomy picture; for many of England's historic court buildings have closed and more are threatened. Until they were abolished in 1971, assizes and quarter sessions were held in courts in 144 towns and cities. Today just 36 of these buildings are still used by the crown court. In 1914, there were 493 county courts; today there are fewer than 230. Such is rationalisation.

Many of these courts are fine buildings, intimately connected with the history of their towns. Today, such magnificent edifices as the Citadel in Carlisle and the late 17th century Northampton Sessions House lie empty.

I know all this thanks to *Silence in Court*, a report compiled by SAVE Britain's Heritage (copies available at £20) which illustrates the fine interiors of many court buildings which most law-abiding readers will never have had occasion to visit. Subtitled *The Future of the UK's Historic Law Courts*, the report analyses how government rationalisation, plus the building of many new crown courts since the 1970s (almost all of them dismal and mediocre), has made many older courts redundant.

To make matters worse, new courts are now built under the private finance initiative (PFI). The consortia bidding for the jobs simply don't want the bother of trying to modernise existing court buildings, even though most are perfectly capable of carrying on in use. Indeed, the large, well-lit, airy courtrooms are usually preferred to the bland, oppressive, low-ceilinged rooms in new buildings.

We seem to have lost a sense of the value of civic architecture. Old courts look like courts, and were often designed by distinguished architects: Henry Bell, James Gandon, Thomas Harrison, J.M. Gandy, Cockerell, Street, Waterhouse... whereas the new courts might as well be commercial offices. This represents another thoughtless and dispiriting waste of assets. For historic court buildings are valuable; not because they are old or listed but because they are well constructed, well designed, and they work.

No government could now afford to build something as substantial and impressive as the Birmingham Law Courts, all built of terracotta in the 1880s, with its grand interior spaces, yet – incredibly – even this was recently threatened with closure. And redundant courts are almost as problematic as redundant churches as the carefully designed joinery makes them unsuitable for alternative uses. Is there any hope the lord chancellor will read this SAVE report and see sense?

'Piloti'

Campaign groups have been set up by residents who oppose the plans. The Laughton Action Group Against Wind Turbines is against protesting about plans to erect 10 turbines near the village.

Lincolnshire Echo

YOUNG BRITISH ARTISTS BY BIRCH

TATE BRITAIN
IN-A-GADDA-DA-VIDA
Angus Fairhurst
Damien Hirst
Sarah Lucas
It's the name of an album by cult 60's rock group Iron Butterfly, and refers to The Garden of Eden.
A bit obvious, but there you are.

Letters

Miller's crossing

Sir,

I write in response to your article "MMR – Interesting Conflicts" published on 5 March 2004, which focused on alleged undeclared conflicts of interest by those who acted as expert witnesses in the recent MMR litigation, and would like to address some incorrect assumptions made.

Firstly, there can be no conflict of interest when acting as an expert witness for the courts, because the duty to the courts overrides any other obligation, including to the person from whom the expert receives the instruction or by whom they are paid. In my case no payment was made, and I have fully complied with the instruction to present the evidence in a scrupulously independent manner.

I chose to act as an expert witness out of a conviction that there is no evidence to support a link between MMR and autism (a view which is now held by ten out of the 12 original authors on the 1998 Lancet paper). I declined payment for this work as I consider that I had a public health duty to defend this safe and effective vaccine from the baseless allegations that have been made against it, and which have so damaged our immunisation programme.

Secondly, your article talks about finances from manufacturing companies "finding its way into the agency". The HPA carry out an active research programme designed to ensure that UK vaccines are safe, and some of this research is carried out in collaboration with manufacturing companies, an example of this work is that which lead to the introduction of the meningitis C vaccine in 1999. Any funding received from vaccine manufacturers is openly declared and audited and represents the non-personal interests you refer to in your article. This work is carried out within a very clear code of practice to ensure complete scientific independence.

Your insinuation that as a result of acting as an expert witness, and receiving research funds from commercial sources means I have become a mouthpiece for vaccine manufacturers is wholly incorrect. I speak from an independent scientific point of view within the interests of children's health.

PROFESSOR ELIZABETH MILLER,

Head, Immunisation Division, Health Protection Agency.

Railing

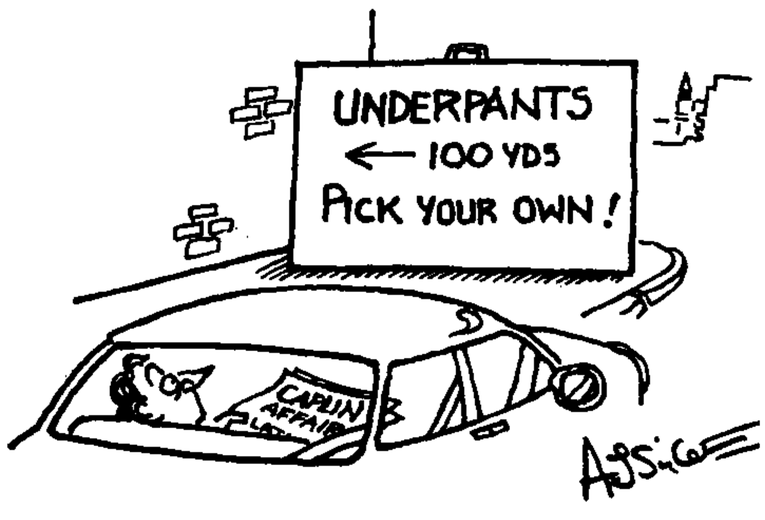
Sir,

Mike Tate of Jarvis says (Letters, 1101) that "we want to know the cause of the Potters Bar accident and we continue to assist the investigations in every way we can".

I thought they did know the cause! Wasn't something about "sabotage" mentioned by a senior member of the company very soon after the crash?

BARRY HEATH,

Via email.



Metaphorically speaking

Sir,

Hostile reviewers had better get things right. "What a metaphor that is," says yours patronisingly, of Dale Peck's dad's siblings "spill[ing] back into the house like a second helping of cereal".

No it isn't; it's a simile.

MICHAEL GROSVENOR MYER,

Cambridge.

Very fishy

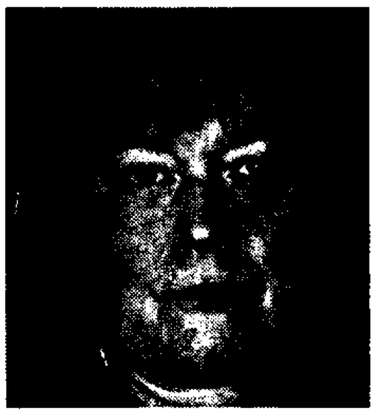
Sir,

Could your Neil Duncan, complaining about the Fish Farm piece in the last issue, by any chance be related to the Argyllshire shellfish farmer of the same name who was member of the Scottish NFU fish-farming committee?

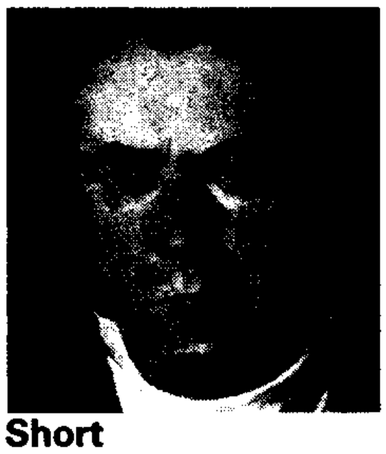
BILL BRADY,

Via email.

Lookalike



Beethoven



Short

Sir,

I was struck by the remarkable similarity between the ideologically-challenged former cabinet minister Clare Short, pictured in the Guardian 1 March, and the well-known audio-logically-challenged composer Ludwig van Beethoven. Could they be in some way related, if only by their shared interest in listening devices? I think we should be told, as this is really bugging me.

Yours faithfully,
JOHN WILKERSON,

Barnsley, S. Yorks.

Sting in the tale

Sir,

Admirable though The Zapper's analysis of Hustle was, it should be noted that the "new idiom" which he/she criticizes ("marks", "fixers", "ropers" etc) is taken from David Maurer's 1940 exposé, The Big Con. Coincidentally this work also provided much of the detail for the 1973 film The Sting, the plot of which bears a remarkable resemblance to episode one of Hustle.

Yours faithfully,
STEPHEN LAVINGTON,

London.

Not guilty as charged

Sir,

Gratified as I am to be described as one of the congestion charge's "most vocal of critics" (Eye 1101), I must take issue with the assertion that I have remained "curiously silent" since its introduction. Anyone who knows me will be aware that I am rarely silent on any issue, and Ken's regressive car tax is no exception.

My prediction that the charge could turn Barnet into a giant car park has in fact been proved correct, with residents having to shoulder the burden of new Controlled Parking Zones, and the hike in long-stay parking charges we have been forced to implement to deter commuters from the Home Counties leaving their cars to travel into central London.

Vocally yours,
COUNCILLOR BRIAN COLEMAN,

GLA Member for Barnet and Camden.

Scenes You Seldom See

"It's reopening as a bank"

Boys will be Boyz

Sir,

Your pedant of the week isn't much of a pedant. The "quintessential homeboy film" is actually called "Boyz N the Hood". Yo!

PAUL TREADAWAY,

Via email.

Bath plugs hole

Sir,

Re: the public spat between Bath councillor Nicole O'Flaherty and Mr Tom Clarke (Rotten Boroughs, Eye 1100).

As you report, Mr Clarke's feud with the council goes back to their dropping subsidy for his Young Artists Recital Trust (ie, students playing classical music to the well-heeled on the cheap), choosing to spend their arts budget for a wider community. Clarke regards any money not spent on his interests (and preferably his projects) to be a waste, hence his opposition to the arts strategy which had the temerity to suggest that some other art forms and organisations were worthy of support. Of course he can't be expected to do what 18th century Bath did and run concerts commercially. Now, what with an annual Mozart Festival and the hugely over-subsidised Bath International Music Festival, which gobbles up £300,000 – the vast majority of the money the city has to spend on all the arts – you might have thought there were plenty of opportunities already for those with such tastes. Whether or not Mrs O'Flaherty actually threatened Mr Clarke, I don't know. She's certainly sparky enough. You can be assured she will have been severely provoked over a long period.

Yours busking in the gutter
with a violin,
JERRY SHERIDAN,

Bath.

In the picture

Sir,

Alphonse Allais has been mentioned in your columns as the creator of the all-white painting entitled "Anaemic Young Girls Going To The First Communion In A Blizzard". Your readers might like to know that it was not his first abstract work. The first he painted was an all-black canvas entitled "Africans Fighting In A Cave At Night".

This painting was actually exhibited in a Royal Academy show some years back of surrealist art. I went to see it. I was horrified to see that they had got it the wrong way up. (It was painted in landscape format, but displayed portrait fashion.) I wrote to the RA to point this out, and they actually changed the way it was hung. God bless them. I think this is the only time I will ever have had an effect on art history.

Yours etc,
MILES KINGTON,

Bath.

Breve encounter

Sir,

Simon Rees rightly says that the Sphinxes from Schumann's "Carnaval" are not meant to be played. However, the symbols are not rests, but breves. (A breve is an obsolete note, worth two semibreves, used up to about 1600 when semibreves were short notes.)

Some pianists have played the Sphinxes. I heard the late Edith Vogel do so at a concert in Birmingham in the 1980s. And in Rachmaninov's recording he embellishes them with his own individual harmonies!

GORDON JACKSON,

Oldham.

Sir,

As you will doubtless now be aware from the inevitable deluge of messages from musical pedants across the world, there is a minor flaw in Simon Rees's example of "silent" music from Robert Schumann's "Carnaval": it isn't silent at all.

The "rests" to which Mr Rees refers are in fact breves (or "double whole-notes" in the American), a relatively (but only relatively) rare form of note that has a duration equal to that of eight crotchets.

The topic is so dull that I can hardly bear to go on, but having started, I will. The breve (which, logically, lasts twice as long as the commonplace semibreve) is little used in orchestral scores, but is more frequently found in organ music. Its name is confusing, meaning "short", when in fact it is one of the longest notes in modern western musical notation. This derives from the fact that the breve is of duration half that of the "long", a note that truly lives up to its name, being equal in duration to sixteen crotchets.

Thus, Schumann's Sphinxes consist of, respectively, 4, 3 and 4 rather long notes.

Yours pedantically,
STEPHEN BROAD,

Research Lecturer, Royal Scottish Academy of Music and Drama.

Lookalike

Whitehouse

Blair

Sir,

Is it my imagination, but does Paul Whitehouse, starring in 'Happiness', bears a remarkable resemblance to Tony "Mr Happiness" Blair or do they just share the same dentist?

Yours faithfully,
ENA B. ANON.

London.

Horn of a dilemma

Sir,

Your Addis Ababa correspondent paints a rather bleak picture of Ethiopia. Perhaps he should get out more? If he went into the countryside he would see thousands of new clinics and schools and new hospitals where none existed before. Education and good health are crucial if the children of peasant farmers, who make up over 85 percent of the population, are to find jobs.

He is right that 14 million Ethiopians were at risk last year because of years of drought but they did not die, as they would have done in the past. The reason was that there are now early-warning systems and thousands of miles of new roads and over 30 airports so that aid is delivered to those who need it. Meles Zenawi's government is serious about poverty reduction which is why Blair trusts Mr Zenawi enough to have appointed him to the new Commission for Africa (announced on 26 Feb).

As for the "Human Rights" campaigner Mesfin Woldemariam, is this the same Mesfin Woldemariam who, in the mid-70s, urged the tyrant Mengistu Haile Mariam to dispose of the Emperor Haile Selassie's family? I think we should be told.

Is your correspondent really Ethiopian? He is the first one I have ever heard criticise the Sheraton Hotel – Ethiopians LOVE it. It's usually only sniffy westerners who hate it. No Ethiopian I have ever met has described the conflict with Eritrea as "pointless". Eritrea invaded Ethiopia in May 1998 and, let down by western diplomats and "peacemakers", Ethiopia fought to get back the land and homes of over 350,000 Ethiopians. It wouldn't be "pointless" if they were westerners. The usual double standards apply.

Yours,
ALEX HARRINGTON,

Consultant on the Horn of Africa.

Colemanballs

£10 paid for contributions

"We lost to both cup winners last year, and you can't do more than that."
NEIL WARNOCK, BBC
(Paul Figgins)

"Those Bradford fans with memories will be thinking back to last year..."
RAY FRENCH
(Paul Boulter)

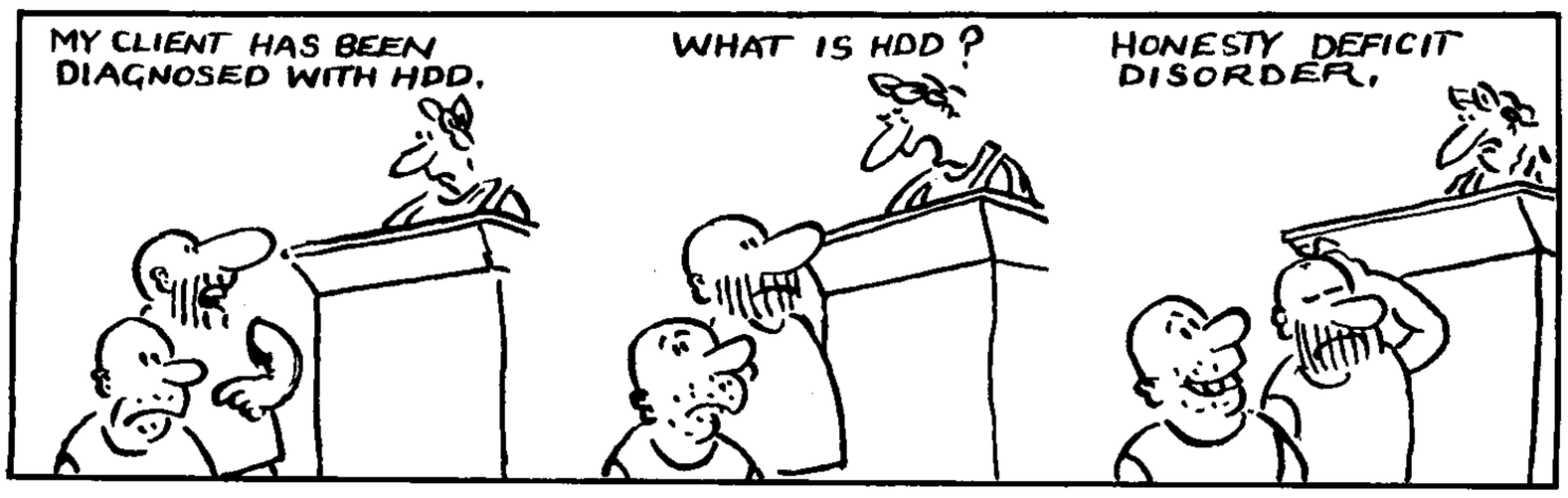
"For Celtic, scoring three goals is like scoring twice as many as two in Europe."
DAVIE PROVAN, Radio Clyde 1
(Kevin McLaughlin)

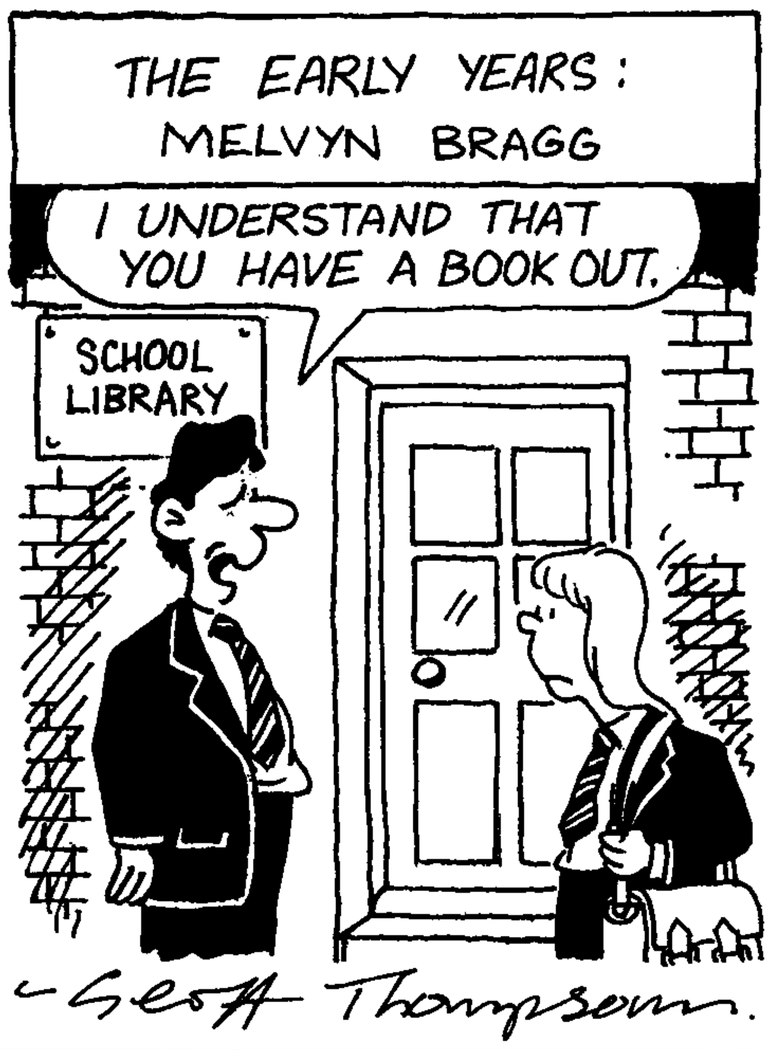
"I think that longevity and long-lived success is something that most artists would die for..."
BEN BRADSHAW, BBC
(Webster Debster)

"Elderly people can literally go downhill quite rapidly."
WRVS spokeswoman, Radio 5 Live
(Steve Perry)

HOM SAP

AUSTIN





Sett and match?

Sir,

Muckspreader is more confused about bovine TB in cattle than even Ben Gill, the NFU's cull-mad outgoing president (Down on the Farm, Eye 1100).

Muckspreader says the "cause of the epidemic [in cattle]... is to be found in the parallel explosion of TB in Britain's badger population" and the "only solution" is a "mass cull". Oh yeah?

The government's Independent Scientific Group (ISG) has been testing for TB in badgers for the last six years and has presented no evidence to show that TB incidence in badgers has increased. Other scientists have confirmed that the badger population is not "exploding". And since the government imposed movement restrictions on farms which had failed to have their cattle TB tested, the rate of new, confirmed TB outbreaks has actually started to fall.

Muckspreader is wrong to suggest the government is caving in to "animal rights activists". Nor has Defra used the Krebs badger culling trial in order to delay making a decision.

The original Krebs trial continues simply because it has so far failed to show that culling badgers reduces TB in cattle. Gill knows that the badger culling strategy he has been demanding for years will be proved wrong. So he now claims that only gassing every badger across huge areas of Britain will work. But the ISG has found that gassing in the 70s and 80s was ineffective. And the much-vaunted research in Ireland, claiming to prove the effectiveness of badger culling, remains mysteriously unpublished a year after it was first leaked.

The tragedy is that a solution to the bovine TB problem is available right now. The more effective gamma interferon test for TB in cattle is in use worldwide and has been successfully tested in Britain. The ISG has asked for it to be implemented and the ISG's chairman, Professor John Bourne, now suggests that the effective control of TB in cattle through testing could lead to its disappearance in wildlife too. The treasury will not cough up for gamma interferon, even though it works.

So Defra's latest consultation suggests that farmers should pay. The NFU knows smaller farmers can't afford it. But rather than demanding that the Government pays for gamma interferon, the NFU is diverting attention to badgers. Why? Because the failure to control bovine TB will lead to the demise of more tenant and family farmers, helping the NFU's industrial farming friends to help themselves to vacant farmland. How sad that Muckspreader seems keen to help them.

Yours faithfully,
DR ELAINE KING,

Chief Executive, National Federation of Badger Groups.

Letter from **Mexico City**

from Our Own Correspondent

THE almost-daily videos of our politicians we are enjoying here have given a new meaning to the idea of "reality TV".

The latest showed Andres Bejarano, a prominent member of the PRD, or Democratic Revolutionary Party, in the office of a well-known Argentine businessman. Bejarano was seen busily stuffing his briefcase with dollar bills. And just in case he missed any, he went on to fill both pockets of his suit as well.

This was the most recent in a long line of political scandals that is both entertaining and horrifying us. Before this video nasty, we had seen another politician, Gustavo Ponce from the same PRD party, enjoying himself at the VIP gambling tables in Las Vegas (the tips alone on his last weekend trip are said to have come to more than $3,000). This might not have been so disturbing had Ponce not been in charge of the finances for the Mexico City government. When asked about his weekends in Vegas, he went under cover.

Mexico City mayor Andres Lopez Obrador, head of the PRD in the capital, has said the release of these videos is either the work of President Fox's government or the main opposition party, the PRI (or Institutional Revolutionary Party). At the moment, Lopez Obrador is well ahead in the polls for presidential candidate in 2006, and he sees all this as an attempt to shoot him down.

This could be true, as the new revelations follow scandals implicating both of the other parties. At the end of February the first video to surface involved an offshoot of the PRI, the Green Party of Mexico. It showed Jorge Gonzalez Martinez, the Green Party mayor of Cancun, the resort city in the southern Yucatan area, apparently receiving $2m to allow more hotels to be built in an area meant to be an ecological reserve.

The Green Party mayor is part of a powerful family. His uncle is the owner of a huge chain of pharmacies that offers non-patented medicines much more cheaply than those sold by international drugs companies. He promotes himself as the "champion of the poor" and *also* wants to be a presidential candidate. Since the scandal began, he has spent several million more dollars in newspapers and advertising hoardings to distance himself from his nephew, saying it is nothing to do with him.

One person benefiting from the uproar is undoubtedly our president, Vicente Fox, who has been struggling to bring change to Mexico for the past three years. He has said that this public airing of corruption is a sign that things have altered, since before now everything would have been hushed up.

The problem with this argument is that it was the foreign press — specifically the *Financial Times* of London — which exposed a scandal involving Fox's wife, Marta Sahagun, and her charity *Vamos Mexico.* This aims to alleviate poverty among our million poorest children. But according to the *FT*, only a third of the money raised by the president's wife has been spent on poor children. The rest has gone to fund huge salaries for her friends employed by the charity, her own wardrobe and self-promotion as she prepares a challenge for power in 2006.

Few Mexicans believe that any of these revelations will lead to court action. We see them simply as a sign that politicians are up to their old tricks and that, though there may be more political parties in Mexico nowadays, the old system of bribery and corruption is not only still alive but thriving.

FUNNY OLD WORLD

COMPILED BY **VICTOR LEWIS-SMITH**

O "I delight in plucking nose hairs. It is more than a hobby for me, and I especially like it when I get hold of a really long one," a thirty-nine-year-old Tokyo housewife told researchers from Spa magazine, during a nationwide investigation into the personal habits of the Japanese. "As for picking, well, sometimes when you've blown your nose and tried to use a tissue, but still can't get the bogey out, a finger is your only option. And if I'm in a taxi or on a train, then that's where I deposit it. The sight of a streak of aerodynamic dried nasal mucus flying out of a window just makes my day."

Spa's research also established that 44% of both sexes in Japan regularly urinate in the bath ("It's great fun... like watching an underwater volcano erupt"), and that when things go wrong, 23% pretend to be foreigners and begin swearing in English ("It's a great language for profanities"). Farting in the bathtub is also a popular recreation ("It's always nice to drop one there, because the bubbles filter the smell and make it easy to tell how much gas you've released"), as is sniffing one's own body ("I really perspire a lot, so I'm constantly smelling my own armpits") and clothing ("I've got to sniff my sweaty socks each day, to see whether I need to wash them separately").

34% of the Japanese also revealed that they openly break wind in front of their partners. "Who wants to be with somebody if you have to worry about upsetting them because you fart?" asked one thirty-one-year-old businessman. But a thirty-three-year-old builder's labourer noted sadly that, "A few nights ago, my wife was sleeping really deeply, so I thought it would be safe to let loose an absolute thunderclap in bed. But it was so loud that it woke her up. Then a disgusted look came over her face and she went off to sleep in another room. She hasn't spoken to me since." *(Spa, 2/2/04. Spotter: Robert Harland)*

– O –

O *"The driver got the fright of his life when his train hit what appeared to be a small child lying across the tracks," spokeswoman Sue Foley of Tranz Rail told reporters in Tauranga, New Zealand. "He immediately stopped the train to call the police, and his worst fears seemed to have been confirmed when the emergency services found a pair of severed gumboots lying on the embankment, and spotted a small body lying on the rails, further along the track. But their suspicions were aroused when it was discovered that the boots were made of porcelain, not rubber, and the driver eventually realised that what he had run over was not in fact a child at all, but a garden gnome.*

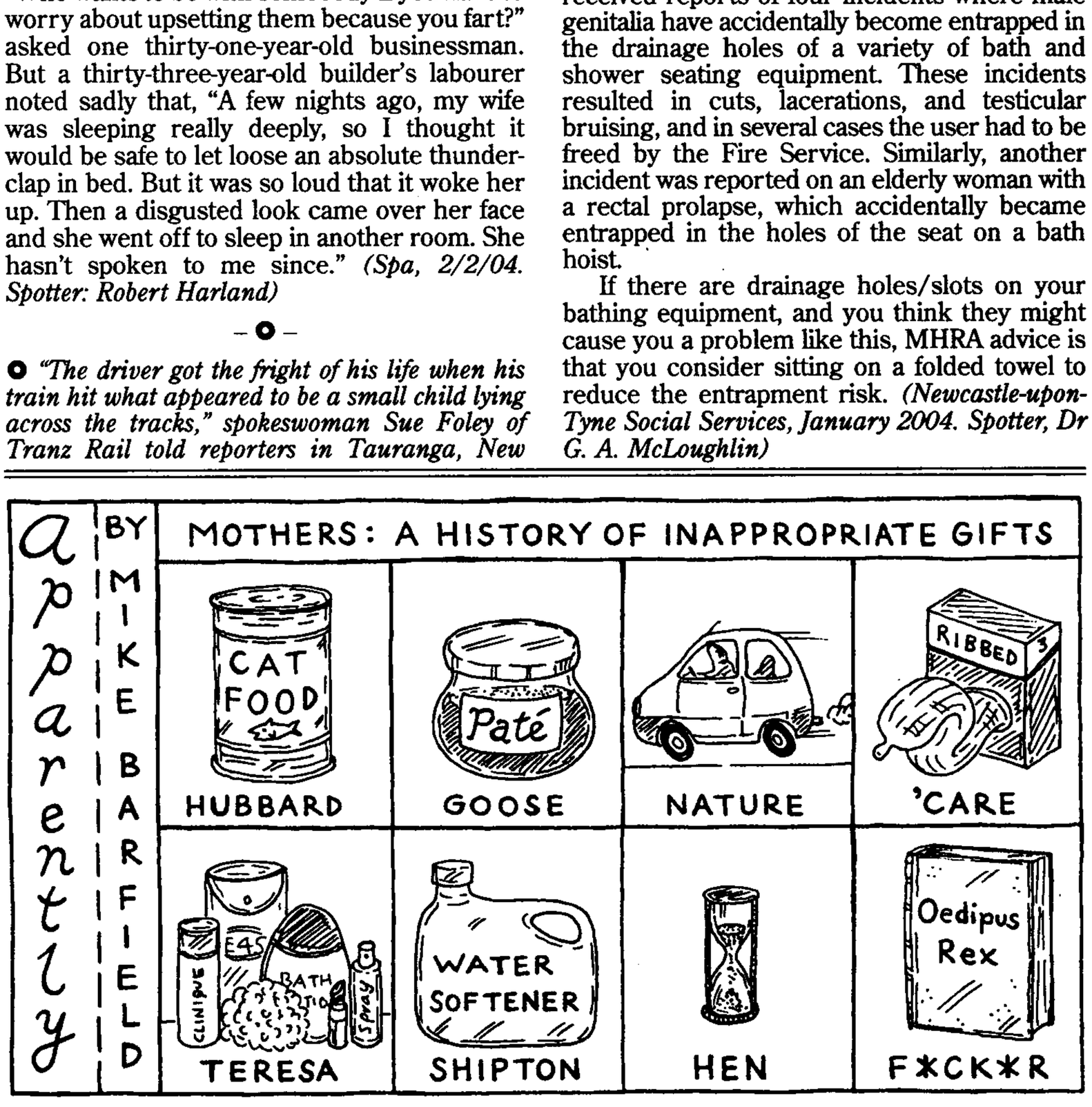
"We believe that the gnome was placed on the tracks by late-night drinkers as a practical joke, but we regard this incident as a very cruel and stupid prank indeed. Our security officers conducted a search of the surrounding area, and

found several other pieces of shattered porcelain, including fragments of a hat, a beard, and a fishing rod. The driver was badly shaken, and has gone on indefinite stress leave, while the owner of the stolen gnome was severely traumatised, and has been offered counselling. If we find the culprits, rest assured that they will face serious charges." (Bay of Plenty Times, 20/1/04. Spotter: Andy Mabbett)

– O –

O Newcastle City Loan Equipment Service. Important Notice: Bath and Shower Seating Equipment – Risk of Entrapment/Injury. The government's Medicines and Healthcare Products Regulatory Agency (MHRA) has received reports of four incidents where male genitalia have accidentally become entrapped in the drainage holes of a variety of bath and shower seating equipment. These incidents resulted in cuts, lacerations, and testicular bruising, and in several cases the user had to be freed by the Fire Service. Similarly, another incident was reported on an elderly woman with a rectal prolapse, which accidentally became entrapped in the holes of the seat on a bath hoist.

If there are drainage holes/slots on your bathing equipment, and you think they might cause you a problem like this, MHRA advice is that you consider sitting on a folded towel to reduce the entrapment risk. *(Newcastle-upon-Tyne Social Services, January 2004. Spotter, Dr G. A. McLoughlin)*



ST ALBION PARISH NEWS

Incumbent: Rev A.R.P. Blair MA (Oxon)

Hullo,

And no, Mrs Caplin does not choose the colour of my underpants, thank you very much! Honestly, I don't know what's happening to this parish these days!

Everybody knows that Mr Foster, who started this latest silly rumour, is a liar! He lies about everything! For instance, he said that he had bought the flats for Cherie and me!

What a total lie! We bought the flats, all he did was to find them and agree the price! How can you trust a man who goes round making up those sorts of stories!

Anyone can see as soon as they set eyes on him that you can't trust a word he utters! You only have to meet him (which incidentally I have never done) to know that he is not a man who you would trust to buy a flat (let alone two!).

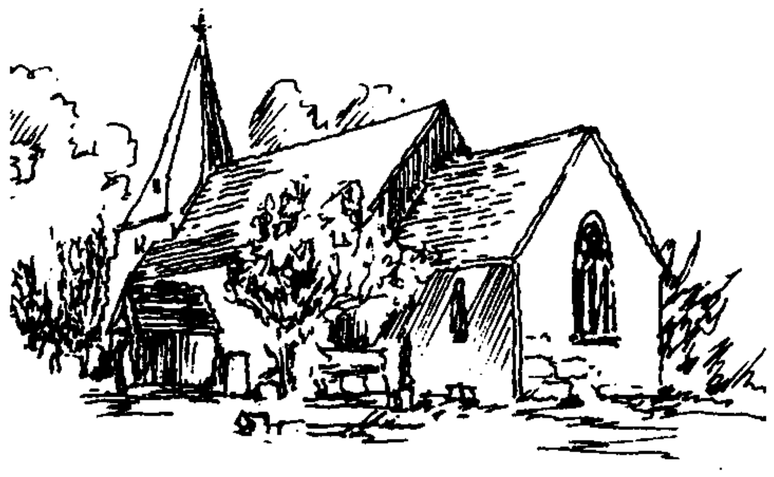
Let's not mince words. Mr Foster is nothing but a cheap confidence trickster, who Mr Blunkett of the Neighbourhood Watch was quite right to have expelled from the parish as an undesirable alien.

Poor Mrs Caplin is Cherie's friend, not mine, I would like to emphasise – though I have occasionally phoned her late at night in her official capacity as Underwear Colour Consultant to the Vicarage.

So, naturally, I was very sad on her behalf when Mr Foster was shown up to be nothing but a vindictive fraudster and a compulsive fantasist, who could not distinguish fact from fiction.

Imagine if a man like that was in charge of the parish! Goodness me!

He might get up in the pulpit on Sundays and tell everyone about those huge weapons he'd seen in the desert, which to everybody



else were completely invisible.

Or he might make the congregation's blood curdle by prophesying that we were all going to be annihilated in 45 minutes!

Someone like that wouldn't last very long, would he?

The parishioners would soon see through him, and be clamouring for someone else to take over!

So for goodness' sake, let's forget about Mr Foster, shall we, and concentrate on the things that really matter.

But before we do, can I just nail the lie once and for all that there has ever been anything "funny" about my relationship with Mrs Caplin, just because we once went through an Aztec rebirthing ceremony on the shores of Lake Poptartcatepetl, where I was transformed into the Feathered Serpent Quetzalcoatl and she became the man-devouring Alligator Goddess Titzouta.

What could be more innocent and spiritual than that?

Honestly, anyone would think there was nothing else going on in the parish except this tittle-tattle about me and Mrs Caplin!

Yours in the name of truth,

Tony

Highlights of the Vicar's Latest Keynote Sermon on the Text 'The End Is Nigh' *(Book of Justifications, 7.4)*

Our enemies are everywhere. Who knows where they are or who they are? But they are someone. And they are evil. And they are there. There is no doubt that they are evil. And they are someone. And they are there. This is my message to you all. And when we find out who and where they are, then they will be brought to justice! Unless they are the wrong people then we will demand that they are sent home. Remember the text "Be not afraid. I am with you until the end of time. Which may be sooner than you think".

The sermon can be read in full on the vicarage website www.dontpanic.com

In Your Allotment

With Mrs Beckett

I know that thousands of you have presented a petition to the vicarage against my decision to sow the St Albion's allotment with Mr Sainsbury's new genetically-modified Mackerel Maize. But I assure you all that you are completely wrong in your ridiculous Luddite prejudice against a product which has passed every scientific test. The maize is not only 100 percent safe but utterly delicious, tasting as it does of fish-fingers with a hint of amontillado sherry. Everyone will love it, especially the GM-jellyfish who will be free to nest in the 100-metre high maize forest, as it provides shelter for every kind of wildlife, from three-headed frogs to luminous wolves.

Incidentally, if anyone wishes to contact me on this or any other matter, I will be unavailable for the next three months, as I am going round the world in my caravan on a combined holiday and "save the planet" tour! M.B.

Kidz Korner

Colour in the Vicar's underpants with the colour you think would be most appropriate to his position as leader of the parish.

● Tory Blue, ● Cherie Red, ● Gordon Brown (not this one, obviously!), ● Conrad Black (nor this one!).

The winner will get a free ticket to Mr Campbell's new show. The runner-up will get TWO tickets.

Warning: Mr Campbell's show is NOT suitable for children and may contain nuts.

CHURCH HALL

As expected, there was a full house for the very successful *'An Evening With Mr Campbell'*, featuring the former editor of this newsletter Mr Campbell and his friend Mr Kemp (who may be familiar to some of you from his performance as the villainous murderer Bill Sykes in the St Albion's Operatic Society's recently highly-acclaimed production of Oliver)!

Mr Campbell began by telling some very amusing stories about his favourite football club (which, as some of you will know, is Burnley!). He then talked about his happy years working for the Vicar, writing this newsletter and compiling his famous "dodgy dossiers"!

When it came to questions from the audience, there was an unfortunate moment when an elderly lady asked a question about the sad death of Dr Kelly, our local GP. All the audience cheered when Mr Campbell came back, quick as a flash, with the clever retort "F*** off, you stupid old bag". She was then escorted from the hall by Mr Kemp, amid laughter, to be given a savage mauling by Mr Blunkett's dog. A great evening was had by all. A.C.

Clarification

We recently reported on the talk given by Mr Campbell's partner, Ms Miller, under the title "Send your kids to f**** state schools, or else". We would like to make it clear that Ms Miller's reference to "hypocritical, middle-class parents who send their children to church schools" was in no way intended to be a criticism of the vicar and Ms Booth, who have every right to send their children to Our Lady Of The League Tables to ensure that they get a reasonable education. D.H.**

Parish Postbag

Dear Sir,

I have the greatest possible respect for the Vicar's friend Mr Falconer. He may be a "cheeky chappy", but he is quite obviously stark, raving

Yours faithfully,
Screaming Lord Woolf,
The Old Woolsack, Lords Lane.

The Editor reserves the right to cut all letters disrespectful of Mr Falconer, the distinguished former flatmate and close personal friend of the Vicar. D.H.

EXCLUSIVE TO ALL NEWSPAPERS

WAR WITHOUT FRONTIERS

The terrible events in Madrid... world shock... globalisation of terror... a message for us all... inflation of horror... nowhere is safe... terrible events... world shock... coming to terms with tragedy... hearts go out... shoulder to shoulder... united in common purpose... stand together at this time... who will be next?... let's hope it is someone else.

© *All newspapers.*

On Other Pages

● Why we should deny the terrorists the oxygen of publicity **2-94**

PROFESSOR TERRY RISTE, Professor of Terrorism Studies at the North London University of Terrorism (formerly The World of Leather, Brent Cross)

THIS latest attack in Spain has all the hallmarks of the regional separatist group TAPAS, or possibly the Islamic extremist group Al-Bran. However, we cannot rule out the possibility that a breakaway group, comprised of elements from both organisations, calling itself Al-TAPAS, may be responsible.

Nevertheless, an internet message from a spokesman, describing himself as Mohammed Al-Phoney, has claimed responsibility for yet another previously unknown group called HUMUS, middle-eastern terrorists with links to the Taramosalata Group and the Italian Red Pesto Brigade, who were responsible *(That's enough of this rubbish. Ed.)*

BORE DE JOUR

The New Literary Sensation

by Our Pornography Staff
Phil Space

SHE is the new publishing sensation that has got the whole world asking the question "Who is Bore de Jour? And who cares?"

The anonymous blogger, whose pornographic internet diary of her life as a high-class call girl has excited no one except newspaper editors, is to become a book, a film, a play, a musical and a terrific bore.

So who is the mystery author? Is it the Erotic Review's editrice Rowan Pulling? Is it a woman at all? Is it Toby Young? Is it Alastair Campbell? Is it Sir Peregrine Worsthorne? Is it of no interest at all?

© *All newspapers.*

The Daily Tsar

(Prop. Dirty Desmonski)

CZAR ELECTED IN 100% TURN OUT

by Our Man in Red Square **Andrew Marrx**

CZAR PUTIN the First romped home today in the Russian election against his unknown opponent Nobodski.

Said the Czar, "The Russian people have shown that they agree with my bribes *(surely policies? Ed)* and have embraced my election promise 'Vote for me or die'."

THOSE RESULTS IN FULL

Omsk North

KGB Putin (No relation) 2,738,402

NBG Nobodski (No votes) 0

No change

ON OTHER PAGES ★ *Vote Putin and win a year's supply of potatoes* **2** ★ *Daily Recipe: Cabbage soup. Like your Grandma used to make before she was sent off to the Gulag* **3** ★ *PLUS sexy Tsar bird Putina Putinovitch (no relation)* **4-94**.

GUANTANAMO THREE — NEW LINKS FOUND

by Our Terrorist Staff

SENSATIONAL documents in the Mail on Sunday have confirmed that the newly-released prisoners from Guantanamo Bay have proven links with the sinister publicist Osamax Clifford, we can reveal.

Osamax is the man behind many of the outrages in recent years and his fingerprints are all over this latest incident.

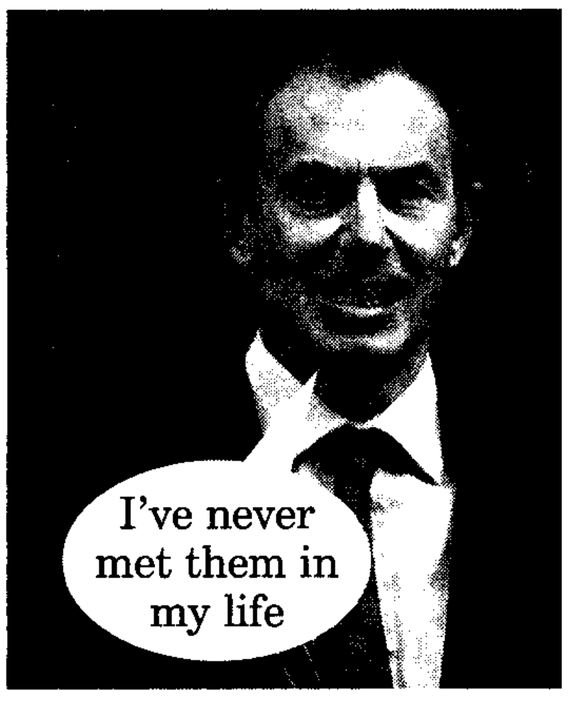
When the men were searched on arrival in Britain, they were all found to be in possession of text messages and emails from Osamax, saying "Ring me if you want to make a killing".

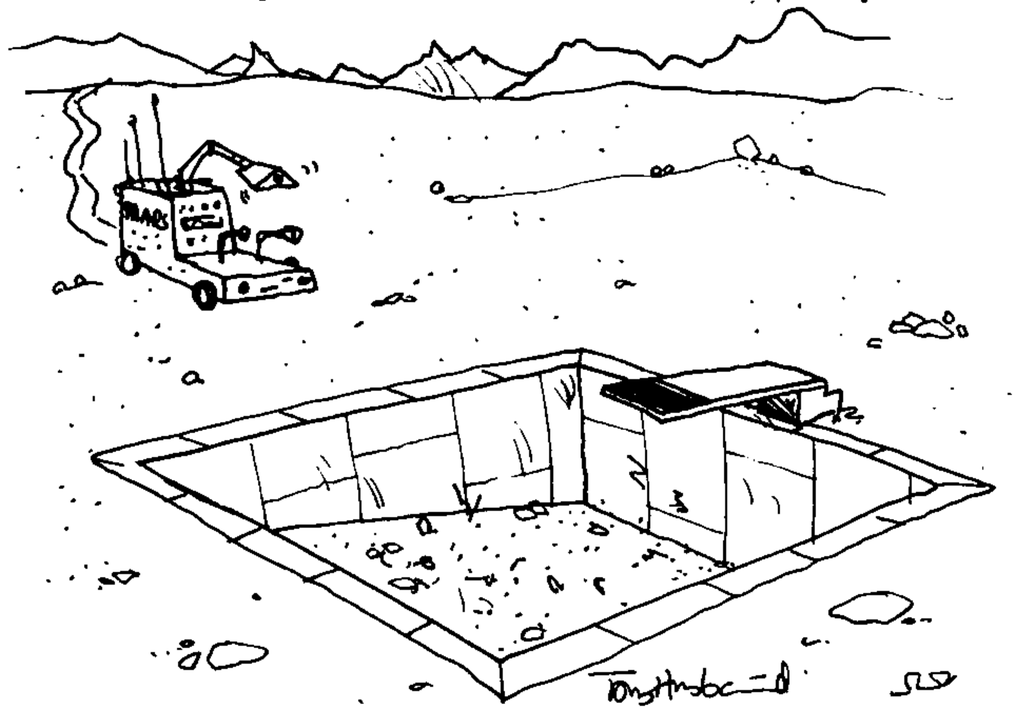
Walter 56, slightly disabled, seeks sex with men of any age. Must be hairy around Walsall area.

Manzone

Helen Fielding, who wrote the best-seller Bridget Jones's Diary, has given birth to her first child, it emerged yesterday. *Metro*

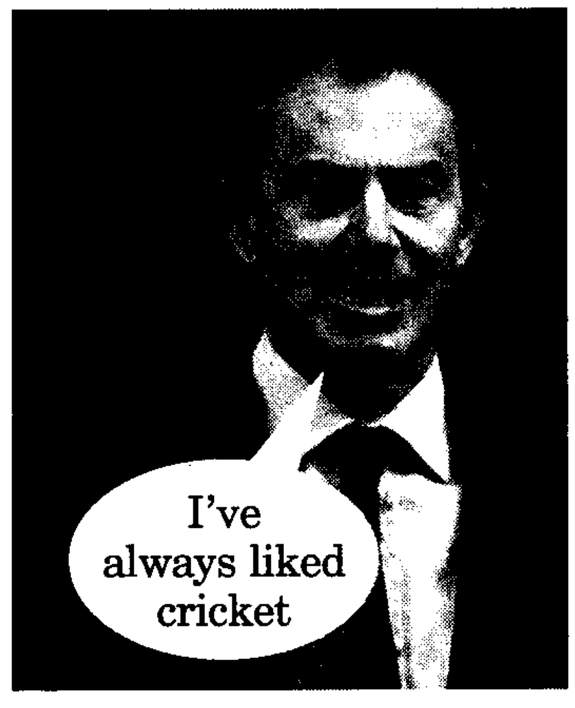
ENGLAND RUGBY TEAM LOSES SHOCK





"At last the Mars probe comes across signs that Mars once had water"

ENGLAND CRICKET TEAM WINS SHOCK



THE Sun

Justice Is Shamed

IT'S A disgrace. For one long week, three innocent British lads were held in a stinking foreign gaol.

And what was the evidence against them? Only that they happened to be in the wrong place at the wrong time.

It could have happened to anyone. What is the world coming to when decent British citizens, whose only crime was to be on holiday in Spain, can be held without trial by people who have no concept of the word "justice".

Their loved ones say the La Manga three are innocent. The Sun agrees.

Mr Blunkett must act now and invade Spain to avenge the three British heroes, Frank Sinclair, Keith Gillespie and Paul Dickov.

Those Bail Conditions In Full

- That the footballers report daily to the offices of Max Clifford on their return to England.
- That their story of their hellish week in a Spanish jail presents itself this coming Sunday to the tabloid paper offering them the largest six-figure sum.
- Er... that's it.

The Daily Telegraph

Justice Is Shamed

IT is a disgrace. Two innocent British citizens are about to be thrown into a stinking foreign gaol.

And what is the evidence against them? Only that they happened to be the proprietor of the Daily Telegraph and his wife at the wrong time.

It could have happened to anyone. What is the world coming to when decent British citizens, whose only crime was to steal their shareholders' money, can be threatened with imprisonment by people who have no concept of the word 'justice'.

Lord and Lady Black have no loved ones (apart from Mark Steyn and Taki). But if they had, the Daily Telegraph is confident that they would agree with our own view that the Hollinger Two are innocent. Mr Blunkett must act now and invade Delaware to avenge these two British heroes, Conrad and Barbara.

Too Much, Too Soon

says Dr Thomas Utterfraud

Lord and Lady Black are only too typical of a new breed of hooligan newspaper proprietors. Absurdly overpaid, pampered by the press and out of touch with the real world, they feel they can go around doing whatever they like. The rules don't apply to them. They have no concept of morality and *(cont. p. 94)*

POETRY CORNER

Lines on the retirement of Alistair Cook, veteran BBC broadcaster

Good morning. Or
Rather
So. Farewell
Then.

Yes, your Letter
From America
Was broadcast for
Hundreds of
Years.

"I remember one
Balmy autumn afternoon
In New Dworkin when
I was playing a
Round of golf
With Senator Dewey,
Governor Lewey and
Judge Hewey.
'Look, there's our
Uncle Donald'
Said *(cont. p. 94)*

Yes, that
Was your
Catchphrase.

E.J. Thribb (17½)

Exclusive to Private Eye

Letters From The Late SIR JOHN GIELGUD

To The Late Lord Olivier OM

Dearest Larry,

I was horrified when I opened my Telegraph today to see that they've dredged up a lot of old letters which I must have written years ago to various boring people, most of whom even I can't now remember.

It really has come to something when a once-respectable newspaper like the Daily Telegraph (for which, you will remember, the great W.A. Darlington was once the *theatre critic*) is reduced to filling its pages with such appalling trivia as some note I wrote 60 years ago to the Inland Revenue asking them to be kind enough to wait a few more weeks for my cheque, as I had lent £50 to Ralph to pay for a weekend in Brighton with a new friend!

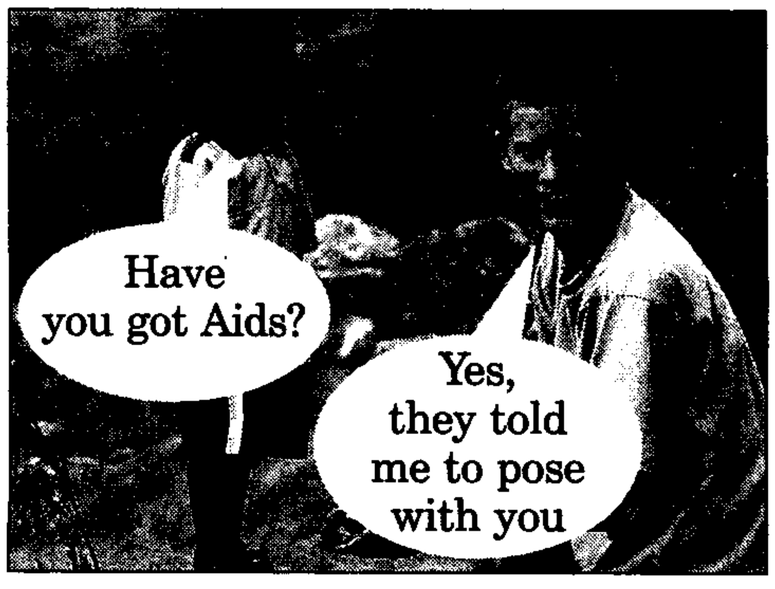
I must say, life up here gets rather tedious. So many of one's friends are in the other place. We were very honoured the other night, when we put on a performance of Sam Beckett's new play *Not Waiting For God Any More*, to see the Archangel Gabriel in the front row. He was looking radiant in *(cont. for the next 94 million years)*

EXCLUSIVE TO ALL PAPERS

EATING McDONALD'S FOOD ISN'T GOOD FOR YOU!

On Other Pages

- Bears continue to defecate in woods **12**
- Sources close to the Pope say he's still a Catholic **15**

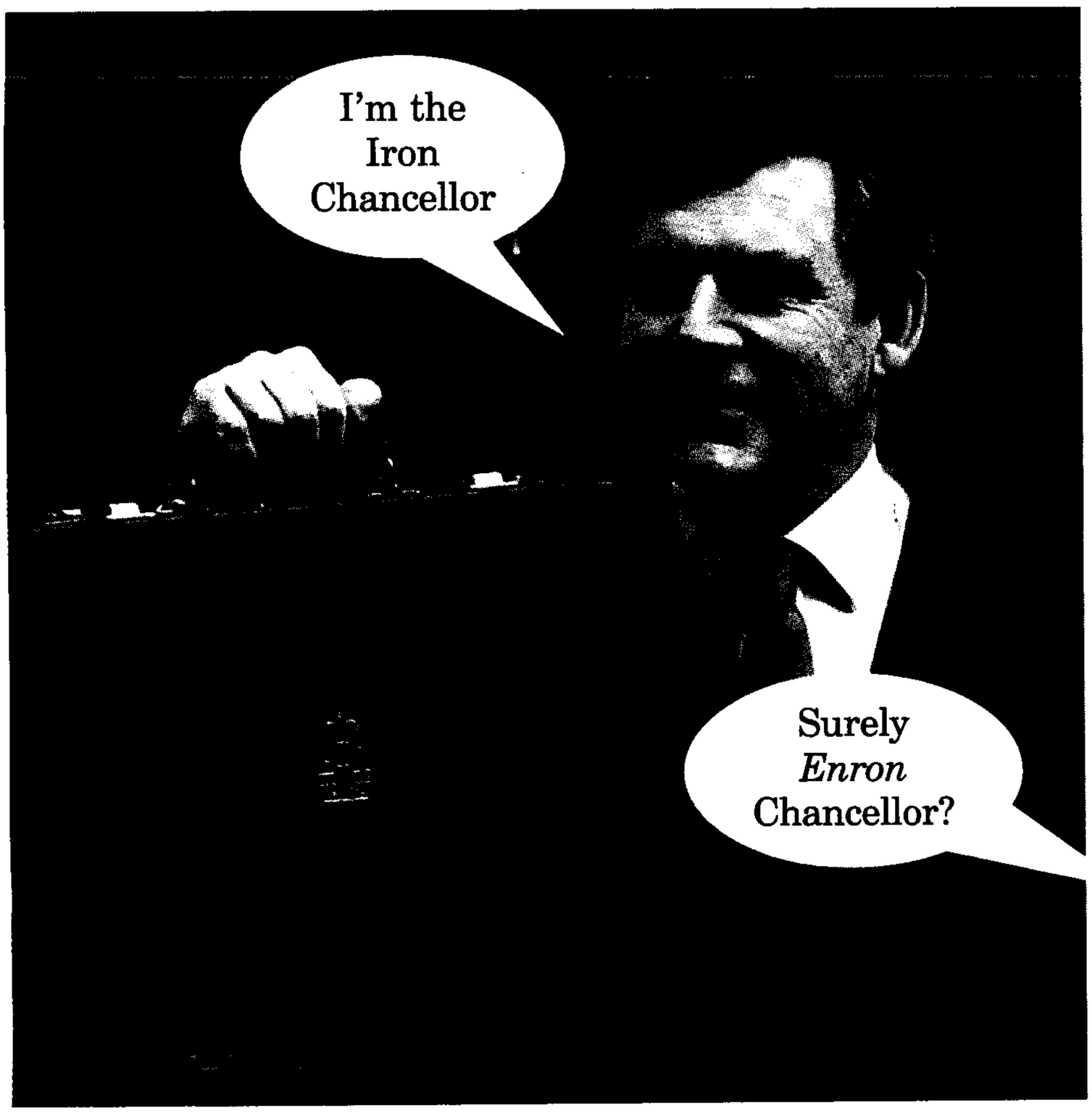


P.F.EYE

An idiot's guide to the Private Finance Initiative

A Special Report by Paul Foot

This is the story of the Private Finance Initiative: how it became a jewel in the crown of New Labour, its savings, its costs, its pitfalls and windfalls, and how it changed the face of British accountancy and British politics...



WIND IN THE WILLETTS

NORMAN LAMONT tinkered with it. John Major approved it. But the intellectual thrust for the idea of the private finance initiative (PFI) came from David Willetts, the Tory frontbencher nicknamed "Two Brains". In a pamphlet in 1993 called *The Opportunities for Private Funding in the NHS*, published by the Social Market Foundation and financed by the private health insurance company BUPA, Two Brains came up with a brainy idea. Instead of paying for hospitals by public funding, why not get reliable old private enterprise to build and run them — and then, at the end of the process, inherit them too?

When he wrote the pamphlet, Willetts was a consultant to Healthcall, a private health firm. (In 1997, when the Tories lost office, he became an adviser to the Dresdner Kleinwort merchant bank, which rapidly became one of the great beneficiaries of PFI.) But back in the early 1990s, two brains were rather too many for Tory leaders of the day and the idea of PFI wasn't very popular in the treasury either. Senior civil servants liked to keep tight control on NHS spending and old-fashioned mandarins there felt the radical ideas of Two Brains might be going too far.

When Kenneth Clarke succeeded Lamont as chancellor, he endorsed PFI and wrote it more firmly into the government's programmes. But he insisted that PFI would only work if the whole of the financial risk of a project was transferred from the public sector to the private sector. This caused a lot of concern to private contractors and banks. Their directors were prepared to bid for government contracts for which the government was eventually responsible, but were not at all happy about bidding for contracts for which private contractors might be held liable.

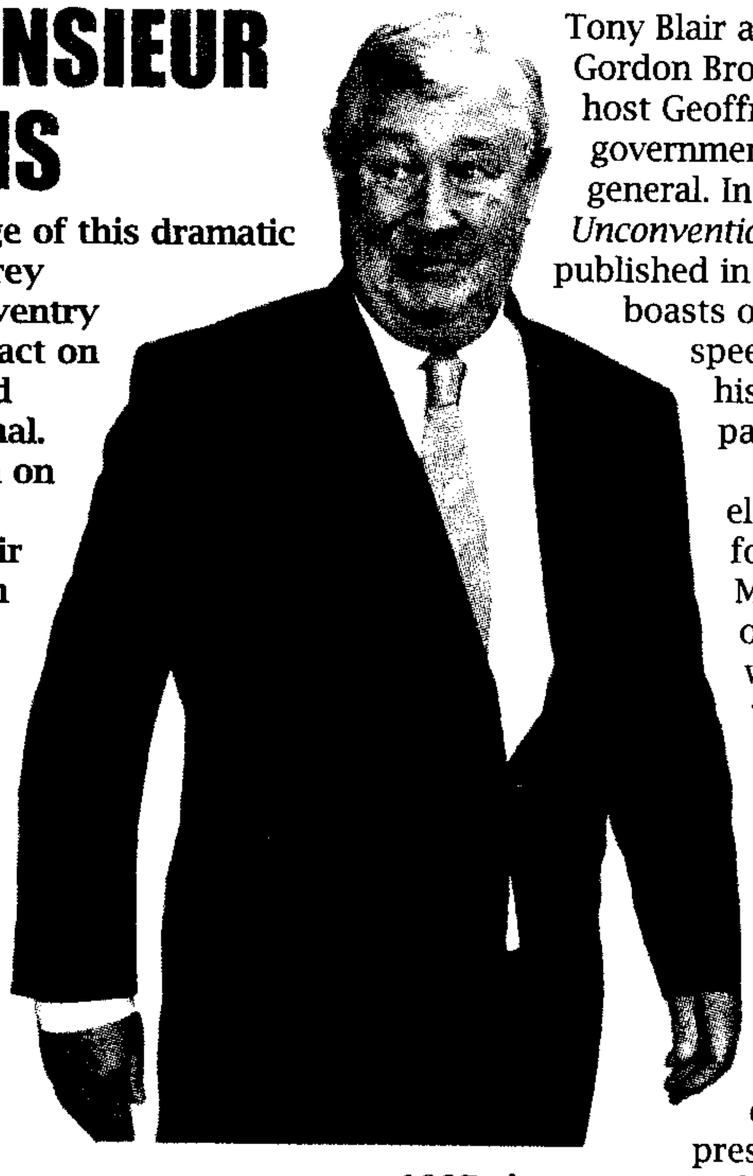
Another worry was the Labour opposition whose MPs were inclined to oppose such measures as "creeping privatisation". So although Two Brains' theory was officially adopted by the Tory government, it never really got off the ground. As predicted by the sceptics, the idea infuriated Labour and the trade unions. In 1996 the TUC vigorously opposed PFI and in a Commons debate on 1 May the same year, Labour frontbencher Sam Galbraith got to the root of the matter.

"The private finance initiative," he concluded, "is basically all about government bodies borrowing money but not having it set against the public sector borrowing requirement." He forecast: "Today, the private sector will only get involved in the PFI within the health services if it carries no real risk." The result, he said, was "a financial sleight of hand, a massaging of figures as a result of which the increase in the public sector borrowing requirement is not shown and is thus a matter of deceit."

In another debate another Labour frontbencher, Harriet Harman, denounced the concept of PFI in the NHS in terms that won warm support from her colleagues. "When the private sector is building, owning, managing and running a hospital," she declared, "that hospital has been privatised." Yet unknown to Harman, the leaders of her party were engaging in secret discussions to make sure that if and when they came to office, the private sector would do precisely that: build, own, manage and run new hospitals.

David Willetts MP

ENTER MONSIEUR BOURGEOIS



The politician in charge of this dramatic conversion was Geoffrey Robinson (right), a Coventry Labour MP whose impact on his party's policies had until then been marginal. Robinson's chief claim on his party's policy makers after Tony Blair became party leader in 1994 was his enormous wealth. Blair and Gordon Brown were both dazzled by it. They made full use of Robinson's agreeable holiday villa in Tuscany, not to mention his luxury flat on the French Riviera.

Both men believed that great wealth of the kind available to Robinson was a sign of great enterprise rather than a chance inheritance Robinson had been bequeathed by a Belgian businesswoman called, deliciously, Madame Bourgeois. Blair and Brown recruited Monsieur Bourgeois Robinson to sound out friendly tycoons and woo them to New Labour.

Among the first City firms approached by Robinson was the British branch of the big American accountants, Arthur Andersen. Andersen's sister company, Andersen Consulting, had already demonstrated a deep and selfless interest in the Labour party. It had not charged a penny for the help it had given Labour's Commission for Social Justice in devising a suitable policy on tax and welfare benefits; and on the day Labour leader John Smith died in May 1994, it recruited a bright young Labour politician called Patricia Hewitt who had worked on the commission and had been press officer to Labour leader Neil Kinnock.

Hewitt left Andersens in 1996 to devote her attention to winning the safe Labour seat of Leicester West where she was the prospective Labour candidate. In that same summer, Andersen Consulting arranged a conference in Oxford for Labour frontbenchers in which the party's budding ministers were lectured by City experts on how to behave responsibly.

One issue that fascinated Andersens was the private finance initiative. Its experts investigated the mystery of why PFI had failed so bleakly under the Tories when not a single hospital PFI scheme had been signed. The main reason, they quickly concluded, was that the initiative put the private sector at too great a risk. An even greater worry was the legal implication for the companies engaging in PFI deals. It was not at all clear, for instance, whether the NHS trusts which ran the hospitals, or local councils were allowed in law to enter into their own contracts with big business. In discussions with other City accountants and consultants (and with Geoffrey Robinson), Andersens sought ways to change the rules and laws to make PFI more amenable to private corporations. They were greatly assisted in these discussions by a prominent member of the Tories' private finance panel, a former GEC director called Malcolm Bates.

As soon as Labour was elected in the spring of 1997, the new prime minister Tony Blair and his chancellor Gordon Brown took their Tuscany host Geoffrey Robinson into the government as paymaster-general. In his book *Unconventional Minister*, published in 2000, Robinson boasts of the breathtaking speed with which he and his former City cronies paved the way for PFI.

In the week after the election he set the former Tory favourite Malcolm Bates to work on the subject. Bates wrote a report in six weeks and by the end of June 1997, barely two months after the election, all its 30 recommendations had been accepted. They were implemented by November. As Robinson had drooled in a treasury press release on 23 June 1997, demonstrating his masterly control of cliché: "We do not let the grass grow under our feet here."

Ross Goobey, the chairman of the Tories' PFI panel who had had doubts about PFI, was sacked, with the entire Tory panel. It was replaced by a leaner and more select "task force" in the treasury headed by a merchant banker from Dresdner Kleinworts called Adrian Montague. Montague's "infinite patience", wrote Robinson, had been "acquired as chief legal counsel in the negotiations on the Channel Tunnel". By the time Robinson wrote his book in 2000 (following his sacking in 1998 for lending half a million quid to government colleague Peter Mandelson), he should have known that the Channel Tunnel and its private enterprise controllers had been responsible for one of the most appalling commercial disasters in British history. But he was too tactful to mention it (or the key role Montague had played in the almost equally calamitous privatisation of the railways).

Another vital ally in those early discussions chaired by Robinson was Steve Robson, a senior civil servant who had also been closely involved in railway privatisation. Robson's almost religious enthusiasm for privatisation in every form swung him behind PFI, and his limpet-like association with paymaster-general Robinson helped him transform the treasury from a department known previously for its prudence when dealing with private contractors and entrepreneurs into a generous provider of public funds to such people.

In his less than flattering book about Robinson, the author Tom Bower explains why the Robinson proposals so delighted the beneficiaries. "The popularity of Robinson's proposed changes for the PFI contracts among the majority of bidders and merchant bankers was unsurprising. The private sector under Robinson's regime would be allowed to earn profits without bearing any risks. The new terms of PFI contracts approved by Robinson lacked clauses allowing the government to recoup windfall profits earned by the contractors and anticipated that the public would pay more for hospitals and schools than if the funds were wholly provided by the state... By offering overtly more generous terms to contractors than his predecessors, he could boast that projects worth £14bn would be signed by the end of 1999."

The popularity of the new measures among the contractors is one reason the startlingly prompt action by the government on PFI was so little noticed in the public prints. The formation in September 1997 of an entirely new task force dealing specifically with PFI, and a treasury press release in which Adrian Montague modestly described it as a "really strong team of young Turks", got almost no publicity. All the young Turks were lawyers, bankers or business consultants. No trade unionist, Labour MP or Labour lord was even interviewed.

HILARY'S SAFE HARBOUR

Two immediate problems confronted Montague's young Turks. The first was that under existing laws, many of them passed by previous Labour governments, hospital trusts might not have been able to enter into legal contracts with private businesses. The second was that local councils might be similarly restricted. Hence new laws were called for to boost the confidence of the contractors.

The first was entrusted to Hilary Armstrong, the minister of state at the new department of the environment, transport and the regions. She spoke up for the banks, which, she said, "fear that partnership contracts with local authorities may be found unlawful". The consequences of such potential illegality were, she said, quite frightful: "The banks would then suffer financial losses" and the private sector would be "saddled with bad debts." This was an appalling vista, she insisted, that the government must "act quickly to dispel".

The new local government contracts bill, she said in the debate on its second reading on 23 June, provided the private sector with a "safe harbour". From the Tory frontbench the seasoned Tory privatiser Christopher Chope could not contain his delight. "I understand," he said, "that we probably would have introduced a bill in not dissimilar terms."

The following month, on 14 July, another new minister, this time in the department of health, Alan Milburn, an almost maniacal convert to PFI, moved the second reading of another bill "to unlock the PFI gridlock in the National Health Service." This was the National Health Service (private finance) bill that made it unquestionably legal for health trusts to negotiate contracts with private businesses "so that the financial community can have the confidence that it needs to provide funding for the most advanced hospital development projects".

From the Tory frontbench John Maples MP made it clear where the bill had come from. "It is not our intention to oppose the bill," he said. "It is our bill." Thus without a word of protest or even doubt from the massed ranks of newly-elected Labour MPs, PFI soared into orbit and millions upon millions of pounds flowed out of the banks to pay for a new set of PFI hospitals.

Most Labour ministers looked on this flow of money as if it were a miraculous display of new investment by a private industry transfixed with wonder at the new Labour administration. They did not seem to appreciate that the "new investment" carried with it a heavy burden of "new debt" that would cripple the promised hospitals at once and had to be paid back over at least a quarter of a century.

By the time Geoffrey Robinson and his personal debtor Peter Mandelson were booted out of office at the end of 1998, all this discussion and legislation had attracted very little public debate. Isolated journalists — Roy Hattersley in the *Guardian*, Arnold Kemp in the *Herald* in Scotland, Will Hutton and David Leigh in the *Observer*, for instance — began to wonder about the consequences for the government if the PFI contracts continued at even half the same rate. But for the most part there was silence.

The contractors and their supporters in the Tory party were delighted at the PFI windfall. Indeed, some Tory MPs' firms were part of the lucky consortia that won the PFI contracts. But most Labour MPs who might otherwise have been critical were so impressed by the sudden construction of new hospitals in their constituencies that they merrily swallowed the government's arguments that the new hospitals would never have been built had it not been for Robinson's new magic cordial, the PFI.

By the summer of 1999, however, critics of PFI were in full voice. To start with they concentrated on the impact of the new policy on the National Health Service. In July 1999, the *British Medical Journal* published a stinging leading article entitled *PFI — Perfidious Financial Idiocy*. The article was based on research carried out by the School of Public Policy at University College London (UCL) and its professor of health policy research, Allyson Pollock, a former national health service clinician.

In *BMJ* papers going back even before the 1997 election, Professor Pollock and her team had established themselves as consistent and reliable critics of PFI and, as their criticism grew, they earned for themselves a considerable reputation in the NHS as well as the furious invective of New Labour and its growing band of dedicated consultants and policy advisers.

In 1998 and 1999 she and her colleagues published more powerful papers warning of the consequences of PFI for the NHS. The latter of these papers, entitled *Pump-Priming The PFI*, published in *The Public Money and Management Journal* (Jan-March 1999), examined 35 major schemes for new hospitals, almost all of them to be built by PFI. They found that the government's assumption that "efficiencies on the part of the PFI contractors would offset the higher costs of capital" were "increasingly unconvincing".

In a devastating table (see page seven), put together from official figures all over the country, the authors published the "outline business case costs" and the "current costs (1999-2000)" — even before the contracts were signed off — of the first 15 PFI hospital projects. Some of the increases were hideous. At Swindon, the increase was 229 percent; at Worcester 137; at South Manchester 123; Norfolk 122; and Bishop Auckland 100. Far from the private sector cutting the costs, the capital costs had actually *increased*.

Who was to pay for these increases? Some of them could be met by land sales. But clearly the extra costs of borrowing caused by the increase in the costs since the outline business case for PFI was originally presented, had to come from somewhere else. But where? The papers identified four sources: health authority budgets at the expense of other services, including primary care mental health; capital budgets intended for the rest of the NHS; special subsidies from the treasury that came to be known as "smoothing mechanisms"; and finally from the revenue of the hospital trusts themselves,

Alan Milburn greeted PFI in the NHS with open arms

which led inevitably to cuts in hospital beds and reductions in nursing staff.

The *Eye*'s first reference to the new initiative was in June 1997, when the magazine's medical correspondent M.D. printed a letter written in March 1997, a few weeks before the election, by Labour's then frontbench spokesman on health matters, Chris Smith. His letter — to a Ms Carlo — raised the controversial Tory PFI proposals for a new hospital for Norfolk and Norwich. Smith outlined his party's "serious concerns about the operation of the Tory PFI" and assured Ms Carlo that before making any final decision, the Labour government would "rapidly undertake a listening exercise with local people".

M.D. went on to point out that plans for the new hospital were going ahead full speed under the new Labour government (Smith was no longer dealing with health: he had been transferred to culture) "without a whiff of the promised public listening exercise". As M.D. observed:

- The new PFI hospital was sited outside Norwich city boundaries, meaning considerable extra travel for patients.
- The new hospital would have fewer beds than the one it replaced.
- The PFI was exceedingly unpopular. At a meeting in Norwich attended by more than 200 and addressed by the local health trust chief executive, just six people voted in favour of the PFI proposal.

M.D.'s observation — "to most it seems that political diktat is triumphing over commonsense" — was prescient; and the themes of the article became increasingly familiar to *Eye* readers in the months that followed.

Labour's astonishing U-turn in its attitude to PFI was exposed in March 1998. Before the 1997 general election, Labour had distributed "Save the NHS" leaflets in Inverness, attacking Tory plans to build a new PFI hospital for the elderly in Stonehaven. At the time Dundee Labour MP John McAllion had described the idea as "a complete betrayal of the founding principles of the NHS". Nevertheless, the complete betrayal continued under Labour and the hospital in Stonehaven, financed by PFI, duly opened.

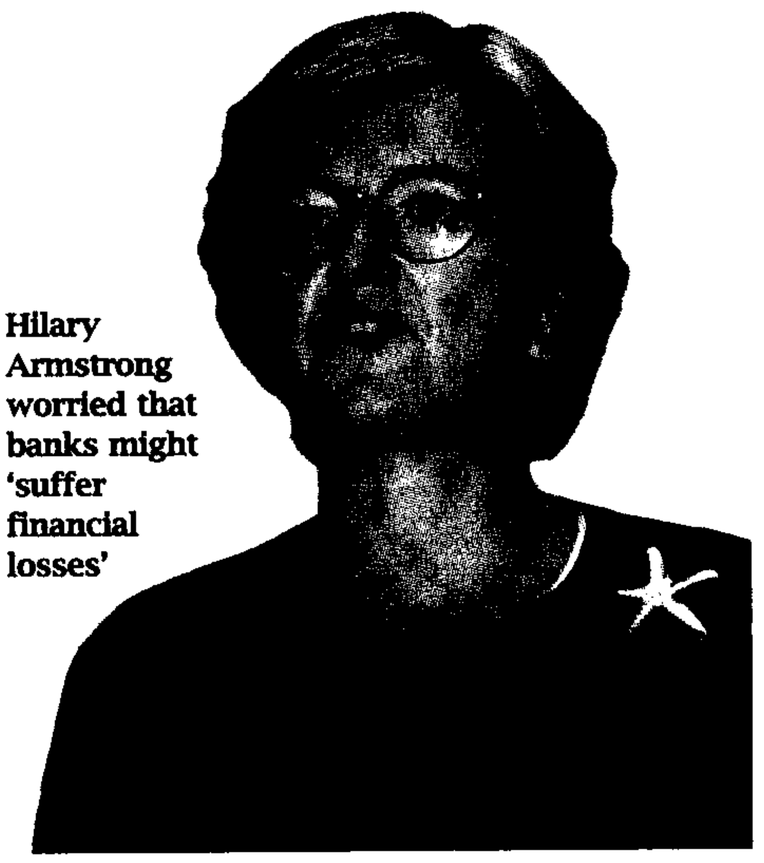
In July 1998, *Eye* 955 attributed the Stonehaven contract to the ardent support for PFI among civil servants in the Scottish Office. Keenest of these was the former assistant secretary in charge of development, Bill Moyes, who had been "seconded" from the civil service to the British Linen Bank, a subsidiary of the Bank of Scotland. In November 1996 he became a full-time executive director of the British Linen Bank. In January 1997, when the successful consortium bidding for the Stonehaven hospital contract was named, it included... the British Linen Bank.

Moyes never forgot his early triumph as a health service privatiser and banker. After a rather dull stint at the British Retail Consortium, he was recently appointed regulator for the government's much-coveted "foundation" hospitals, which will be floated off as business corporations.

Potential conflicts of interest in the new PFIs absorbed the *Eye* in those early New Labour years. In July 1998, under the heading *Master Bates*, the *Eye* discussed the crucial role in PFI policy-making, first under the Tories and then under New Labour, of Malcolm Bates. One of his most remarkable achievements was the commissioning of a brand new hospital (like the one at Norwich, some way from the city centre) to replace the old and much-loved Edinburgh Royal Infirmary. The old site (and four others almost as valuable in the city) were snapped up and sold by the lucky consortium that had the PFI contract. The consortium was headed by the big cable and construction firm, BICC. "Soon after the project was launched," *Eye* 954 reported, "a new director joined the board of BICC — Malcolm Bates."

Bates was knighted in the Queen's birthday honours in summer 1998. The *Eye* returned to the subject of the PFI king three months later under the heading *Master Bates Comes Again*. The headline referred to the extraordinary fact that Sir Malcolm had now been appointed chairman of London Transport, in which post he would be supervising many of the PFI contracts he himself had inspired.

Wondering whether he would be negotiating with himself as director of BICC, whose subsidiary Balfour Beatty was involved in the London underground PFI, the *Eye* put the question to BICC. It initially confirmed that Bates was a director. More



Hilary Armstrong worried that banks might 'suffer financial losses'

The *P*erfectly *F*ormed *I*ndividuals behind PFI

Robson greed

STEVE ROBSON (left), in charge of privatisation at the treasury in the early days, is often referred to as the government's privatisation "guru". When Labour's paymaster-general Geoffrey Robinson gave the private finance initiative such a boost in 1997, Robson took control of strategy.

In 2000 he was knighted and a year later Sir Steve retired from the treasury. Since then he has become a non-executive director of Cazenove, Royal Bank of Scotland, the mining firm XStrata and Partnerships UK (PUK). At PUK he is officially the "treasury nominee" although his bank, RBS, is one of the biggest beneficiaries of PFI.

Robson is outspoken in support of PFIs and privatisation and, despite his long stint at the treasury, is a harsh critic of the public sector. In many interviews he has said privatisation of the railways was "absolutely right". He has addressed a "power lunch" at the right-wing Adam Smith Institute on "modernising" (ie privatising) health and education. And in a *Guardian* article in 2001 he wrote that the public sector was "averse to improvement". For good measure he told the Commons public administration committee that the idea of a "public service ethos" was "fantasy".

In April 2003 Robson led the right-wing Reform Commission on reform of public services. His colleague was New Zealander Roger Douglas, the man behind the ultra-free market "Rogernomics" that produced record unemployment and poverty in New Zealand in the 1980s. Among their conclusions was that increased healthcare costs should not be funded by the taxpayer.

Adrian's toll

WHEN a hugely influential transport conference took place in Rome last autumn, the hugely influential businessman appointed to drum up support for it was one Adrian Montague (above), the government's leading expert on PFI and PPP.

Among the subjects mysteriously *not* discussed at the conference were:

- The not very successful privatisation of Britain's railways and the energetic role played in that by an ambitious City solicitor at Linklater & Paines, called A. Montague.
- The not very successful treasury task force and the key role in it of a former City solicitor and banker from Dresdner Kleinwort called A. Montague.
- The not very successful privatised successor to the treasury task force, Partnerships UK, aka PUK, and the role of its deputy chairman, one A. Montague.
- The significance of gongs in industry – in particular the CBE awarded in 2001 to A. Montague.
- The role of private finance advisers to the New Labour government – and the appointment in 2001 of one A. Montague to give private finance advice to the deputy prime minister and then transport overlord, John Prescott.
- The stupendous losses at British Energy and its plight under its chairman, er, A. Montague.

The Marconi Gang

EVEN before they took office, New Labour ministers were always hunting for top businessmen to worship. They were dazzled by the size and reputation of firms such as GEC/Marconi, one of the biggest manufacturing companies in the country, built up under the legendary genius of Lord (Arnold) Weinstock.

Almost anyone with any record in GEC/Marconi could be sure of a warm welcome in Downing Street and the ministries. Almost the first businessman to be made a lord by Tony Blair was Lord (George) Simpson, chief executive of Marconi, whom Blair begged to come more closely into government, only to be told by Simpson that he was putting all his efforts into GEC/Marconi.

Marconi-worship partly explains the enthusiasm for Sir Malcolm Bates (right), a former GEC director, as the man best suited to launch new Labour's PFI; and the promotion (from industry) of former Marconi managing director Sir Peter Gershon (below) as head of the Office of Government Commerce, the leading government agency on PFI.

While all these men were ennobled, knighted and promoted, what happened to GEC/Marconi itself? It got hopelessly caught up in the great telecoms bubble of the late 1990s and burst with it. It posted losses of £5bn and sacked 6,000 people in Britain alone, and was only saved from bankruptcy by panic restructuring.

Eye questions to the relevant government department then revealed that Sir Malcolm had resigned as a director on the very day the *Eye* had asked about his role.

THE DARTFORD FUNNEL

Through 1998, 1999 and 2000, the *Eye*'s attention shifted from potential conflicts of interest to the central arguments about PFI itself. As more and more hospitals were built under PFI, more and more questions were asked about them in the *Eye*. For example, were the new hospitals cheaper than a public sector alternative and were they really affordable?

The PFI system for new hospitals is similar to that of a mortgage. The NHS selects a consortium of construction companies, banks and accountants, which builds the hospital and runs it for a long period, usually 25 to 30 years. In exchange, the government pays an agreed sum every year to the consortium. The payment covers "servicing", (portering, catering, cleaning, laundry and something called the "life-cycle cost") — and the debt of the initial purchase price.

As with a mortgage, the eventual sum paid by the taxpayer to the consortium is enormously larger than the amount initially borrowed. But the increase in the costs of the hospitals since the outline case was first presented meant that the taxpayer was in an even worse position with PFI than the ordinary householder who takes out a mortgage. The government was committing taxpayers to hugely higher payments than would have applied under a publicly-owned and publicly-funded system, and for greatly reduced services.

Indeed, it was rather like taking out a mortgage on a credit card. For the new hospital at Dartford, Kent, the cost of servicing capital rose from 6.7 percent under the old system of public procurement to a fantastic 32.7 percent of income under PFI. The result? Heavy cuts in health services, notably to people with learning difficulties and the district nursing system.

Similar figures applied to all the new PFI hospitals. But the issue which emerged so clearly from Professor Allyson Pollock's work in 1999, and continued to dog the government, was the condition of the new hospitals: notably the fact that in every case they provided for fewer beds, staff and services for fewer patients than did the hospitals they replaced.

Frank Dobson, New Labour's first health secretary, opened the new hospital at South Tees with a flourish, denouncing the opponents of PFI as follows: "Who do critics think have been building hospitals before PFI?" he asked. "Charities or volunteers? Of course not. They were built by the same profit-making private companies now involved in PFI." *Eye* 986 answered as follows: "This interesting new argument suggests Dobson cannot see the difference between hiring a plumber to put in your new bathroom and letting the plumber take over your whole house on condition he rents it back to you for the next 30 years — and paying him extra to do your cooking and cleaning." To help the health secretary, the *Eye* provided three conveniently ignored facts about the South Tees hospital and PFI:

- The new hospital was being built by Mowlem and Carillion. The latter was strongly criticised by the independent think tank Labour Research as one of the firms most commonly using "union busting" to get round the government's fairness-at-work proposals.
- Carillion, then Tarmac, was prime contractor on the first PFI hospital, Dartford and Gravesham. The national audit office (NAO) said the scheme was certainly no cheaper and possibly more expensive than a traditional rebuild.
- The old South Tees hospital had 1,051 beds for patients. The new PFI hospital had 980.

There were even more drastic cuts in beds at the new PFI hospitals in Carlisle, Bishop Auckland and Halifax. Prof Pollock and colleagues found that in all the new PFI hospitals there were 30 percent fewer beds than in the ones they replaced. Nor was this a coincidence or accident. There was much evidence that the PFI hospitals were specifically designed to cut the length of stay in the hospitals, increase occupancy

and so improve the "throughput" and economic "return" — or profit as it used to be known in the olden days.

CHANGING THE LOCK

The issue came to a head in Worcestershire, where a new PFI hospital was to be built to replace the Worcester Royal Infirmary. How to pay for it? The local health authority launched an urgent strategic review to find the money. The chief proposal was to demote the smaller hospital at Kidderminster to a mere shadow of its former status. Acute operations and beds were to be removed and the revenue from them shifted to the new PFI hospital at Worcester, 17 miles away.

The PFI proposal was initially opposed by the Labour candidate for the local constituency, Wyre Forest: a Birmingham barrister called David Lock. To his and everyone else's astonishment, Lock was elected to parliament in the 1997 general election and continued to campaign against the emasculation of Kidderminster hospital. His attitude changed, however, as he climbed swiftly up the political ladder, becoming a parliamentary private secretary in October 1997 and a junior minister in the lord chancellor's department in 1998.

As a government minister, he could hardly be seen to be opposing his own government's PFI proposals in the health service, so he defended the hospital plans he had previously attacked. His shift in attitude infuriated the local population. As M.D. had spotted in Norwich in the summer of 1997, PFI for NHS hospitals was exceedingly unpopular. The people of Wyre Forest decided to challenge the decisions of their health authority and MP with their votes.

What happened as a result was set out in *Eye* 1005 in June 2000. As soon as the government's support for the new PFI proposals were announced in March 1999, the campaign to save the hospital was transformed into a new political party called Health Concern. Its aim was simple: to keep Kidderminster hospital intact. Its chairman was Richard Taylor, a retired hospital consultant.

There were only a few weeks to go before the council elections of 1999, but several candidates were scrambled together, and in Wyre Forest council, which includes Kidderminster, seven were elected. Four others were elected in districts in Shropshire which came within the hospital's catchment area. In the following year, 2000, eight more Health Concern candidates were elected. As the *Eye* noted: "There are 19 Health Concern councillors in Wyre Forest — by far the largest party — 11 Labour, five Tory, four Lib Dems and four old-fashioned Liberals whose slogan in the election was 'Save Our Hospital'. The alliance campaigning to save Kidderminster Hospital now commands a majority."

David Lock and friend

This unprecedented political upheaval in a not very tempestuous part of the world reflected a great wave of anger against the government's health policy in general and PFI in particular. Opposition was further encouraged by a report in June 2000 from the public policy unit of UCL. It exposed the devastating consequences of the huge extra bill for the PFI hospital in Worcester. Its costs, taken together with the accumulated deficits in the NHS in Worcestershire, "have forced the health authorities to cut hospital services across the county". The report went on: "While the catchment population of the new PFI hospital will rise from 280,000 residents to 380,000, acute admissions are projected to fall by between 21 and 37 percent of the average in England."

Prof Pollock went to Kidderminster on 25 May 2000 to announce the results of her research at a packed and enthusiastic press conference. How did David Lock MP respond? He wrote a long letter to Lord Young of Graffham, chairman of University College London's council, complaining of "several factual inaccuracies" in Prof Pollock's account and asking "whether Professor Pollock is justified in using public money to pursue her research in this manner".

In her reply to the university, Prof Pollock pointed out that not a single factual error had been identified and wondered whether Lock's letter was not "an implicit threat to academic freedom". The *Eye* article drew a scornful letter from David Lock alleging that Prof Pollock had somehow missed the provision of 600 extra hospital beds in his area. This drew another mild reply from the professor in *Eye* 1008. She repeated her conclusions:

- The cost of the PFI contract rose from £49m to £108m, with a further £8m for equipment again through PFI.
- The new facility will serve 100,000 more people but there will be 44 percent fewer acute inpatient beds.
- The "small matter of 600 beds he claims we omitted never featured in any of the health authority's published plans... Alas, as Mr Lock is surely aware, 400 of these are "community beds" with none of the consultant-led care of acute beds." This was obviously why they had been left out of the official calculations.

But Mr Lock was not finished yet. Several months later, in April 2001, he achieved the rare distinction of being named Man in The Eye (1026). Heading the citation was further evidence of Mr Lock's diligence in protecting his reputation with the help of the law. He had threatened the vice-chairman of Health Concern, Frank Baillie, with a libel writ for an article in the left-wing weekly *Tribune*. In the article, Baillie attacked Lock "for going for promotion instead of standing side by side with the people of Wyre Forest". The council's insurers refused to meet the cost of a libel action, and Baillie (who couldn't begin to afford the costs) felt obliged to issue a grovelling apology.

Even more surprising was Lock's reaction to an article in a small local magazine, *For You*, that reprinted the *Eye*'s articles on the PFI hospital as part of a longer article supporting the independent candidature of Health Concern's Richard Taylor in the 2001 general election. Lock phoned the company that produced the magazine and demanded another apology, damages and costs. He got neither. All these matters came to a head at the June 2001 general election in what the *Eye* called "the best election result by far" (1030). The new MP for Wyre Forest was none other than the Independent candidate Richard Taylor, former chairman of Health Concern, who got 28,487 votes compared to Lock's 10,857. In its first test by the electorate PFI had been comprehensively rejected.

HUNT BALLS

There was no sign that anyone in government took the slightest notice of the Wyre Forest result, however. Indeed, one of the most remarkable features of the PFI story is the length to which the New Labour government has been prepared to go to distort, twist and if possible ignore the rising tide of popular opposition to PFI — especially in the health service.

In March 2002, *Eye* 1050 told the strange story of plans to build a huge new PFI hospital in Birmingham to replace Selly Oak and Queen Elizabeth hospitals. As with all other such plans, they projected fewer beds, fewer staff and fewer services but more public money. The job of assessing public reaction to the proposals fell to the local community health council (CHC).

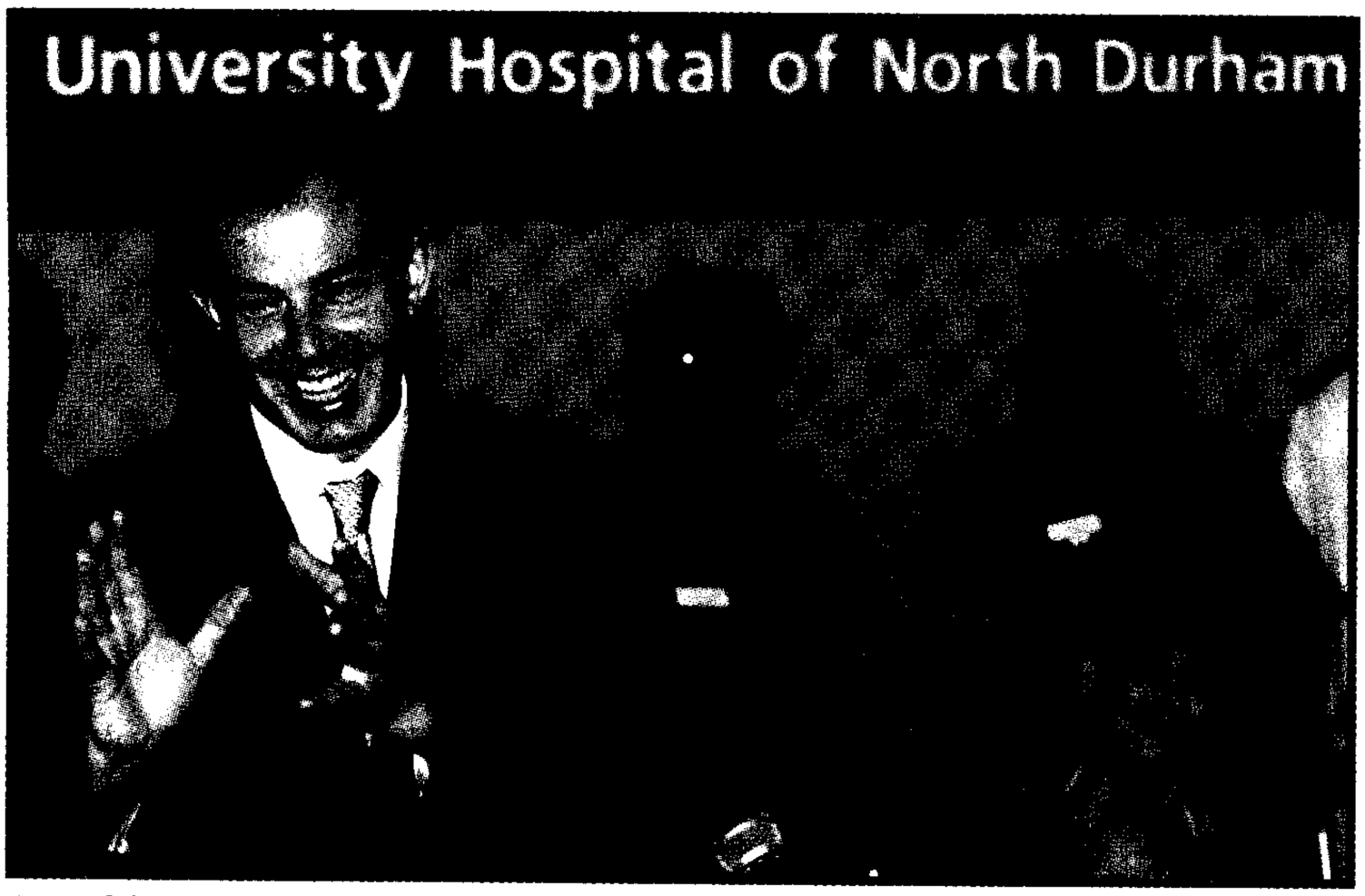
Lord Hunt

CHCs were set up by Labour in 1974 and were meant to be independent of the local health bureaucracy. The South Birmingham CHC, chaired by Ursula Pearce, circulated a leaflet through the area covered by both hospitals, setting out the PFI proposals and outlining an alternative based on public funding and public accountability. The leaflet asked people in their own time and at their own expense to respond. When 3,337 people did so, 3,159 favoured the CHC alternative and only 178 backed PFI.

When the CHC published these figures, the New Labour establishment went berserk. It issued three complicated consultation documents, none of which discussed PFI or its implications. They generated very little response: only 628 people replied at all, and less than half of these were from the general public. The CHC was not impressed and continued to speak out against the PFI proposals.

Ursula Pearce was then rather surprised to be summoned with her vice-chairman to the headquarters of the West Midlands National Health Service where she was told in no uncertain terms that CHCs had a duty to fit in with government policy and therefore had no business opposing the PFI hospital. She, her national organisation and her lawyers all replied that the job of the CHCs was precisely to be independent of government.

Ursula Pearce was further surprised to learn that among the supporters of the PFI hospital were officials of the Socialist Health Association, formerly the Socialist Medical Association that had campaigned so hard for the National Health Service 50 years



Tony Blair at home in the North East, extolling the virtues of PFI

previously. She eventually resigned in disgust from the SHA — but not before she noticed how many supporters of the PFI hospital, though unable to demonstrate any real popular support for PFI, had moved on to higher things.

Among the influential members of an advisory panel which came out strongly for the PFI hospital were the newly-ennobled Philip Hunt, the Bishop of Birmingham Mark Santer, Jeff Chantra and Khalid Mahmood. Before long Chantra was chief executive of the Good Hope hospital in Sutton Coldfield; Bishop Santer was vice-chairman of the University Hospital Birmingham Trust; Lord Hunt was parliamentary under secretary of state for health in the House of Lords; and Khalid Mahmood was in the Commons as Labour MP for Birmingham Perry Barr. Before long, into the bargain, community health councils were abolished.

Despite the popular hostility, the government's hysterical support for PFI grew. Boosted by another huge majority in the 2001 general election and more enthusiastic encouragement from their go-getting advisers, ministers embarked on a process which, they hoped, would commit every single public sector building project to the mercies of PFI.

At the Labour party conference in 2003, for instance, the bright young schools minister David Miliband blandly announced that all future school-building would be sentenced to PFI. His announcement came in the face of signs, already apparent by the election, of the calamity the PFI policy was hatching — especially in the hospitals whose construction had been hailed as such a triumph.

At the Edinburgh Royal, for example, the cost of PFI left a huge black hole in the finances of the Lothian health board — a hole that still threatens the future of the health service in the east of Scotland three years later. The auditor general for Scotland has exposed a deficit of £105m. Most of this is attributable to PFI at the Edinburgh Royal.

At Bishop Auckland, where the new PFI hospital was opened by local MP Tony Blair making suitably sweet noises about the PFI that had made the hospital possible, the air conditioning collapsed soon afterwards. There were many similar complaints, most of them noted in the *Eye*, in hospitals at Carlisle, Swindon and Halifax.

In west London, the PFI planners proposed the closure of two popular hospitals, the Royal Brompton and the Harefield, and their replacement by a huge new PFI hospital at Paddington basin. This profoundly unpopular project gobbled public money voraciously. The original estimated cost of £380m rose by mid-2003 to £800m, even before planning permission had been granted for the new hospital. One reason for the staggering increase was the host of advisers and consultants clustering round the project like bees at a honey pot. Tory MP John Randall found out in parliament that £3.2m had been spent on "advisers' fees".

As for education, the transfer of all the Glasgow schools to the private company Jarvis, singled out by Tony Blair for special praise in the 2001 election campaign, developed into a series of spectacular disasters, one of which resulted in a school's roof falling in. In another, three computers burst into flames and light bulbs exploded (*Eye* 1038 — for further disasters see Jarvis At Bay, page eight)

I.T. HITS THE FAN

Perhaps the most appalling series of PFI disasters occurred in the area of computing systems and information technology (IT) — always an area in which prodigious amounts of public money were wasted.

Many of the cock-ups — especially those involving the American computer company EDS, established by Ross Perot, the independent billionaire candidate in the 1992 American presidential election — have been exposed over the years in *Private Eye*. But under PFI, which transferred basic responsibility for the project from an elected authority to a private company, the disasters became much more frequent and expensive.

IT disasters had opened up another important argument in favour of PFI, its supporters claimed. For the system, they said, "transferred the risk" from the public to the private sector. Thus if a private firm cocked up, the private firm paid, whereas under the old system, where the government or a local authority was in charge, the cock-up would have to be paid for by taxpayers.

One of the earliest IT cock-ups dated back to the Tory government but involved the firm that did more than any other to help Labour in opposition: Andersen Consulting, then sister organisation of Arthur Andersen, later disgraced as auditor of the corrupt and bankrupt Enron.

Andersen Consulting won the computer contract for the National Insurance Recording System (NIRS2) for storing pensions records, but made an almighty mess of it. This led to continuous delays in the assessment and payment of benefits. The cost of the disasters, though deplored by committees of MPs, was never calculated and certainly never paid for by the company.

Eye 1001 reported how "Red" Dawn Primarolo, the paymaster-general who took over from the father of PFI, Geoffrey Robinson, explained to the Commons why Andersen Consulting should not have to pay for the mess. "It would not be sensible or cost-effective to seek further compensation from Andersen Consulting beyond the amount of £4.1m which was paid for delays in 1997 and 1998. I am satisfied that taking action against Andersen Consulting would prejudice the partnership relationship now established between it and the Inland Revenue."

The same edition of the *Eye* quoted Peter Holmes, Andersen's managing partner, who blandly announced: "The structure of PFI does mean that the contractor owns the intellectual property rights to the system and licenses the government to use the asset. Inevitably that means the balance of power is shifted to the contractor."

Perhaps unwittingly, Mr Holmes exposed a central weakness of PFI. His point was reinforced in a later *Eye* (1010) which quoted Elizabeth Astall, a partner at Andersen Consulting, telling a Commons committee that even if her firm failed to win a further contract to run the computer system, it would still want compensation which she modestly estimated at £100m for the intellectual property rights in the contract, plus another £14m for the software the firm had developed.

In vital computer contracts like this one, the balance of power, and the balance of risk, do not shift to the private sector. No government could possibly walk away from so vast a computer project as NIRS2. Nor could a government risk being sued in court for the intellectual property rights (or any other assets) it had so freely conceded. So invariably in such contracts it is the taxpayer, not the company, who has to fork out when a project falters or collapses which she modestly estimated at £100m even though the PFI contract transferred the supervision of the contract, and theoretically the risk, to the private firm.

The point was forcefully made by the usually timid national audit office in its report in August 2000 into the calamitous scheme to provide benefits payments cards via the post office — a PFI contract that lost the department for social security (DSS) and the Royal Mail more than £500m. The private company lucky enough to win the PFI contract was Pathway, a subsidiary of the giant computer company ICL. The NAO reported: "The purchasers [DSS and the post office] did not in the end demand damages from Pathway when the project began to slip. They felt this would not encourage Pathway to succeed and could deflect the firm's attention away from delivery to a legal battle."

The point about risk was raised by Sir John Bourn, the comptroller and auditor general. "Some risks," he said, "are too great for the private sector to absorb. As *Eye* 1010 commented: "Hence ICL never paid for its failure because the government was worried this might result in the whole

scheme collapsing... which it did anyway."

The DSS-post office contract was not the only computer fiasco in which the government tied the taxpayers' apron strings to ICL. Just after the 2001 election, *Eye* 1032 highlighted the bizarre story of the Libra project, an attempt to computerise court records. Once again ICL was contracted, this time by the lord chancellor's department. Enthusiastic speeches were made by young ministers, notably Geoff Hoon from the department and Paul Boateng from the home office. Boateng called Libra a "significant step towards the integrated information systems which ties in with the government's determination to have a coherent criminal justice system".

Alas, the government's determination did not stretch to controlling the Libra project, which was indefinitely postponed though it had cost the taxpayer more than double the original value of the contract, £136m. While the taxpayer once again bore the brunt of the fiasco, ICL was swiftly swallowed by the Japanese computer company Fujitsu, which at once started to win further PFI contracts from the government.

SIEMENS STAIN

Two other historic computer disasters were the responsibility of another top European company, Siemens.

As early 1998 *Eye* 960 warned that the £77m PFI scheme to computerise immigration and asylum claims was a year overdue. The scheme eventually collapsed completely, but the government paid Siemens in full under what even the national audit office called "a novel payment mechanism".

This was rather an understatement, since the real reason Siemens got paid was because it had apparently passed on "new technology milestones". The minister in charge of the contract, Mike O'Brien, claimed there had been an "open competition" for the contract. In fact there were just two bidders: Siemens and Andersen Consulting (later renamed Accenture), which had been disqualified because of continuing difficulties with NIRS2.

Siemens' troubles with immigration and asylum programmes were dwarfed by another of its big computer PFI projects at the passport office. How upset were ministers with Siemens as a result of these expensive fiascos? One answer came this year when the government appointed a computer king to examine PFI projects for British companies in Europe. His name? Alan Wood. His company? Siemens.

The truth is that the big companies and consortia that win PFI contracts have the government and taxpayer over a barrel. And one way that companies, but not the government, can worm their way out of their responsibilities is by the time-honoured method of bankruptcy. The concept of "limited liability" is as central to the modern corporate state as it was in the heyday of Victorian capitalism. It enables a company to go bust without too cruelly affecting its directors or shareholders. If a company running a PFI operation goes bust, it obviously cannot meet any risks it undertook to shoulder.

In November 2001, the building firm Christiani & Nielsen went bust. Down the drain went the firm's undertakings, in a PFI contract, to run schools and colleges in Newbury, Berkshire. The *Eye* noted (1017) that one man who did not suffer too harshly for his connection with the firm was Alan

WHY PFI DOESN'T ADD UP

■ AS these two tables from the public health policy unit at University College London's School of Public Policy demonstrate, the private finance initiative in the NHS has been particularly bad for the nation's financial health.

Indeed, in the paper *Pump-Priming the PFI: Why are privately financed hospital schemes being subsidized?*, Allyson Pollock (left), professor of health policy research at the school, and Declan Gaffney conclude: "The PFI has had the effect of raising the costs of infrastructure development in the health service. The assumption that higher capital costs would be offset by savings resulting from the involvement of the private sector has proved incorrect.

"Rather, NHS trusts and health authorities have had to make savings on other budgets in order to make the high costs of investment affordable."

Annual revenue implications of capital costs for 11 PFI hospital schemes comparing costs before and in the first year in which the PFI scheme is operating

NHS Trust	Before PFI (Capital charges as % of income 1998-9) of operations)	After PFI (Capital charges + availability fee as % of projected income in 1st year)
Dartford & Gravesham	6.7	32.7
Swindon & Marlborough	3.8	16.4
Greenwich Healthcare	2.1	16.2
West Middlesex University Hospital*	9.3	15.5
Carlisle Hospitals	4.0	14.7
Hereford Hospitals	3.8	14.6
South Tees Acute	5.6	13.2
Calderdale Healthcare	3.4	13.1
The Dudley Group of Hospitals*	8.3	12.8
University College London Hospitals*	6.2	12.5
Worcester Royal Infirmary	5.3	12.4

* Refers to 1999-2000
All calculations include payments to Treasury on existing and retained estate.
Department of Health. *Expenditure Questionnaire 2000. Memorandum to the Health Committee, NHS resources and activity.* London: Stationery Office, 2000.
Department of Health. *Memorandum to the Health Committee: Public Expenditure Questionnaire 2001.* London: Stationery Office, 2001.

Increase in costs from outline business case (OBC) to current – 1999/2000

Trust	OBC cost (£m)	Current cost (£m)	Change (%)
Bishop Auckland	26	52	100
Bromley	80	120	50
Calderdale	55	77	40
Carlisle	48	63	31
Dartford	97	137	41
Hereford	50	63	26
Norfolk	90	200	122
North Durham	60	96	60
South Manchester	40	89	123
South Buckinghamshire	35	38	9
South Tees	65	106	63
Swindon	45	148	229
Wellhouse	30	40	33
Worcester	49	116	137

Crane, a former Labour councillor who was chairman of Christiani & Nielsen. He became chairman of the government's "Movement for Innovation", described by the *Eye* as "a quango set up to create self-sustaining continuous improvement leading to world class high performance and increased profitability".

Another embarrassing collapse was that of Ballast UK, liquidated subsidiary of the Dutch combine Ballast Nedam. Six schools in Scotland were immediately affected as their computers, library books and even school desks were repossessed by sub-contractors in a collapsed PFI scheme (*Eye* 1095). The risk, naturally, could not be born by the liquidated company, which had at most half a million quid in the kitty to pay creditors a total of £31m. So the risk passed to the wretched education authority — or the children who begged for a reprieve from their examinations (see *Eye* 1098).

BAX TO THE WALL

Bankruptcy, however, has not been the only way a company or public body can pressurise the government into bailing it out of a PFI mess.

Eye 1068 publicised a desperate letter from Councillor Judy Bax, executive member for life-long learning at Haringey council, to the then secretary of state for education, Estelle Morris. Bax complained that the council, which had signed a contract with Jarvis to maintain all its secondary schools, was new to PFI projects. As a result "the scope of the project did not include furniture and equipment for newly-constructed buildings, complete access for wheelchairs, comprehensive cabling, IT provision and building cooling systems to reduce solar gain." All this, she reckoned, would cost an extra £2m.

The government, she noted, had been unwilling to shell out the money, but if it didn't, she warned, it might be difficult to hold back the groundswell of local opposition to PFI and even more difficult to introduce PFI into the refurbishment of Haringey primary schools. The result of this subtle argument was immediate. The *Eye* reported: "The threat worked and the government (taxpayer) coughed up."

As time went on and the companies behind the early PFI schemes fell deeper and deeper into difficulties, the government became more and more generous with the public money it was meant to be saving. Octagon (Laings, Barclays and Serco) was one of the first PFI consortia. It won the plum contract to build and run the Norfolk and Norwich hospital. In 2003 Octagon complained about the crippling cost of the job it had freely taken on. In December that year, the *Eastern Daily Press* reported a "re-financing deal" between the NHS and Octagon. The results of this were a fine example of PFI even-handedness between the private contractor and the health service. Octagon got an extra £70m immediately, and the health service got an extra £30m over 30 years.

The paper reported that the deal "comes as the hospital faces soaring waiting lists, acute bed shortages and an overflowing accident and emergency department at the Colney site". The North Norfolk Liberal Democrat MP Norman Lamb was quoted as saying: "Is this value for money for the taxpayer? The answer is: No."

PFI: THE PRICE IS ALWAYS RIGHT

■ **PERHAPS the greatest beneficiaries of PFI are the accountants, consultants and advisers who have buzzed around the PFI honeypot ever since they first promoted it.**

For example, in the Newcastle Estates Development Project, in which Amec agreed to take over and develop the vast department of social security offices in the north-east, financial adviser Dresdner Kleinwort (those merchant bankers again) got £404,000 – four times the tender price.

Meanwhile the bill from Masons, a law firm, shot up from £70,000 to £2,355,000. All this was down to PFI; but the national audit office (NAO), which published the figures, admitted it was "unable to say whether the deal is likely to deliver better value than a conventionally-financed redevelopment of the estate" (see *Eye* 993).

The reason for the NAO's difficulty was that on that occasion there was no "public sector comparator" to set alongside the private spending spree. But even in cases where there was a public sector comparator, it could still turn into a goldmine for the accountants.

The classic case was the West Middlesex hospital PFI. There, the NAO discovered that the public sector comparator proved that the public option was *better* than the private one. So KPMG, the accountants, "reappraised" the figures, shoved in some highly questionable risk factors – and, lo and behold, suddenly the PFI option became cheaper (see *Eye* 1069).

As George Monbiot outlined in the *Guardian* on 18 June 2002, there are a number of devices by which the public sector comparator can be conveniently (and inaccurately) tweaked to make it look more expensive than the private sector alternative.

THE LUCKY COMPANIES

JARVIS AT BAY

Which lucky companies got the PFI contracts? Some were old-fashioned construction firms and banks like Laings and Barclays. But soon other less well-known companies were queuing to join the PFI bandwagon. One of the first out of the blocks was Jarvis — a name that in a few years became a by-word for bungling and ripping off subcontractors.

The speed with which Jarvis gobbled up PFI contracts was breathtaking. By early 1998 its railway subsidiary had secured 70 percent of track maintenance contracts from Railtrack, and its education subsidiary was bidding heavily for contracts to run local authority schools. Its senior executives grew vastly rich from these early triumphs. Chief executive Paris Moayedi earned £315,000 a year in salary and another £2,344,000 in share options. Finance director Henry Lafferty did even better. He got an astonishing £3,516,000 from buying and selling his share options.

From the early days of the PFI bonanza, the firm snuggled up close to the Labour government. At Labour's 1997 party conference in Blackpool, Jarvis paid for something called the "Labour leadership campaign team". The speakers were John Prescott, deputy prime minister, and Hilary Armstrong, the minister who brought PFI to local government. Jarvis also kept a Labour lord — Lord Hogg of Cumbernauld — on the payroll.

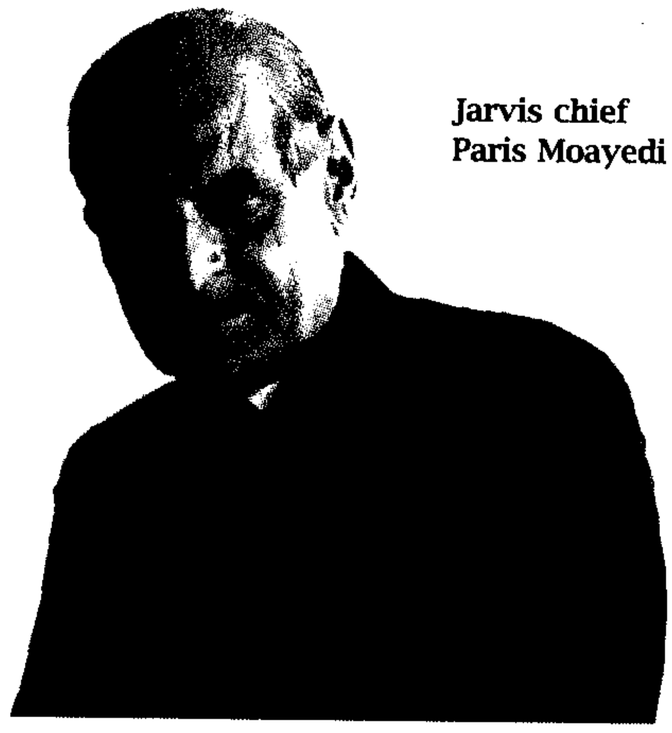
A lot of Jarvis's success in the early years was down to the firm's talent-spotters, who picked out and recruited influential businessmen like Bob Clarke, former development officer for British Rail, and Bob Pirie, former director of corporate services at Haringey, where Jarvis bid successfully to build and run several secondary schools.

A few months later *Eye* 972 pointed out more advantages for Jarvis. The firm was being advised by public relations specialists Citigate. Citigate was a sponsor of the Labour party and had booked a table at the gala dinner at the previous year's party conference.

Another important qualification was what the *Eye* called a "dodgy safety record". Jarvis was being prosecuted for "a dreadful railway re-routing cock-up between Coventry and Hertford." The *Eye* reckoned that Jarvis was running neck and neck with Balfour Beatty in the contest for the two juicy PFI contracts on the London Underground and Haringey schools. The reckoning was slightly in favour of Balfour Beatty, the *Eye* pointed out, because of the enormous amount of time that company's executive Colin Ostler had spent going round the world looking for contracts in the distinguished company of Labour's minister for London and construction, Nick Raynsford. In the event Jarvis triumphed at Haringey.

It was four years before the result of that triumph became fully clear. *Eye* 1072 (24 January 2003) led with a comment on an audit commission report that studied the first 17 PFI contracts for local authority schools. The commission "found that in every single one there was no improvement on the traditional method of procurement. In some cases the traditional method would actually have been preferable." The schools were not cheaper. The contracts were not completed any quicker. And there certainly wasn't any transfer of risk (see Cllr Judy Bax's letter to education secretary Estelle Morris, referred to previously).

Tactfully the commission did not name any of the contractors. But the *Eye* could reveal that the report was based on the first wave of school projects that were dominated by Jarvis. Despite the report, however, the government continued to name a consortium that included Jarvis as the preferred bidder for the privatised track of London Underground.



Jarvis chief Paris Moayedi

Jarvis's historic record on the privatised railway achieved a lot of unfavourable publicity after the crashes at Hatfield and Potters Bar. In a "Jarvis special", *Eye* 1094 disclosed further Jarvis triumphs in the field of education.

Students turning up for a new year at Lancaster University "found themselves wandering around in the dark on wet floors tripping over building materials". The new 402-room Graduate College there had been built by the Jarvis University Partnerships Programme under which the firm will provide and manage for the next 38 years another 1,956 rooms for the luckless university. In the brand new graduate block, the external locks didn't work (the authorities had to post security guards outside), water from the showers poured into the bedrooms and builders' detritus littered the accommodation.

At the same time, at the brand new Jarvis/PFI-built Jewish Free School in Kenton, north London, students had to be sent home because light fittings were about to fall from the ceiling. It was obvious that the school would be the perfect venue for a conference on 26 November 2003 entitled *PPP Education: Delivering Schools for the Future*. The same issue of the *Eye* included the complaints of Jarvis sub-contractors who had installed alarm systems in PFI-built schools in Richmond, Surrey. Though there was no complaint about the work, three months had passed and the contractors had still not been paid. One of the sub-contractors had opened a website called Screwed by Jarvis.

Perhaps the most revealing story about Jarvis appeared in *Eye* 1088. It was a story of petty fraud and a keen Grimsby Town supporter called Stephen Venney. Mr Venney had wanted to take his family on expensive holidays in Turkey and Tenerife, so he stole a few thousand pounds from Immingham Conservative Club of which he was a respected member. He was prosecuted and sent to prison for 20 months.

A few months after he came out, he applied for the prestigious job of finance director of Jarvis Rail, a company enjoying the fruits of PFI contracts all over the network. So tight was security at Jarvis that Venney was appointed. He immediately set about forging closer links between Jarvis and Grimsby Town FC. No sooner had he clinched the deal (the lucky players still have JARVIS emblazoned on their shirts) than the local paper published the sad facts about his past and he hurriedly resigned.

By early 2004, the great days of Jarvis were coming to an end. Jarvis lost all twelve of the new NHS "Lift" contracts for which it bid. A name change was obviously called for, and the firm's health subsidiary got a new but not entirely accurate title, PatientsFirst. Not long afterwards, Jarvis changed the name of all its operations to the silly New Labourish rubric Engender — quickly nicknamed, undoubtedly more accurately, Endanger.

AMEY AMISS

Another company that made many millions from PFI was Amey.

It soared into the new PFI market, strongly backed by PricewaterhouseCoopers (PwC), the biggest accountancy firm in the country. It was PwC, for instance, which persuaded Glasgow and East Renfrewshire councils in Scotland to hand over the running of their schools to a consortium led by Amey. The public private partnership (PPP) for the Glasgow schools led to widespread protests in the city, especially over the closure of swimming pools.

To make matters worse for the company, the Scottish government auditors were unhappy when they studied the "public sector comparator" in which private consortia bidding for PFI contracts are expected to show that their project is cheaper than traditional procurement would have been. The auditors concluded: "The result of the public sector comparator test does not indicate compelling evidence that the PFI deal offers the most economic option compared to conventional procurement."

Few paid any attention to that warning. Amey and PwC were a convincing double act and went on winning PFI contracts to run schools all over the country, most notably in the London borough of Waltham Forest. Into the bargain, and just to prove the firm's close association with the government, Amey was awarded a £35m, 12-year contract to run an "accounts service" for the department of trade and industry (prop: Patricia Hewitt, former head of research at Andersens).

In the same issue of the *Eye* (1059) that reported the problems in Glasgow schools, there were warning signs that all was not well with Amey. At the beginning of 2002, Amey was knocking at the door of the Footsie top 100 companies in Britain. But by late summer the share price had slumped. The firm was obliged to admit that its stated profits of £55m were in fact, ahem, losses of £18m. How had such a glaring mistake been made?

Amey put most of the blame on something called Urgent Issues Task Force Note 51, a note issued by the accounting standards board. This specifically prevented an accounting trick which companies like Amey had used to massage their figures into something very different to the reality.

One way they did this was to pretend that the vast costs of bidding for a PFI contract were "investment" and therefore need not be set against profit figures. This was nonsense and should not happen again, the note insisted. So Amey said publicly that because of the accounting standards note, with which it obviously disagreed, it had to admit that a hefty profit was really a hefty loss.

Even this turned out to be deception. In August 2002 David Miller, Amey's finance director, resigned. He was replaced by Michael Kayser. Kayser soon discovered that the Amey accounts were worse even than had appeared in the summer crisis, and that the firm's prodigious losses were caused by much more than just a note from the accounting standards office. As soon as he absorbed the state of the accounts, Kayser resigned too.

The directors brought in a partner from Deloitte and Touche who insisted that £122m — an enormous sum for a company the size of Amey — should be written off. The 2002 Amey accounts indicated that the huge write-off was necessary for reasons far wider than the accounting standards note. The accounts referred to "write-downs of construction work in progress balances and forward loss provision for which previous optimism as to the recovery... has not been born out in practice".

In 1097 — the first issue of 2004 — the *Eye* revealed exclusively that Amey had set up "a subsidiary appropriately called Treasure Park, half-owned by another company run by a businessman not entirely unknown to Brian Staples, Amey's chief executive. Because this arrangement was known as a JANE ('joint arrangement not an entity') Amey hoped to avoid losses on its Croydon Tramlink PFI catastrophe and at the same time book some profits to close the £55m hole." This it plainly failed to do.

Brian Staples

Chief executive Staples took a pay-off of a quarter of a million quid and went to join the board of a company called IMI and sit on the audit committee there. Amey, however, had lost an enormous sum of money, not just by fiddling the PFI books but also as a result of the deranged optimism that plagued a lot of construction companies at the time.

Part of the reason for this was the absurd faith placed in the company by the PFI-crazed New Labour government. For instance, just as its 2002 financial difficulties were being unveiled, the Amey board was joined by a New Labour leader of utmost prominence. Baroness Jay had been New Labour's leader in the Lords and a member of the cabinet. She joined Amey when the company most needed her prestige. Among her fellow directors was former Tory secretary of state for education, John Patten. Patten's abilities had been questioned by John Major, former Tory prime minister, who suggested his problems in the education department had brought about something close to a nervous breakdown.

Patten's job at Amey was to keep a reliable eye on PFI contracts in schools. In 2003, Amey posted a loss of £130m and was duly gobbled-up by a Spanish building company called Ferrovial. Sceptics in the City were surprised that the Spaniards would want to buy a clapped-out loss-maker like Amey. But the Spaniards' enthusiasm was easy to understand. Amey was still part of a consortium bidding for a PFI contract to run the London tube.

Baroness Jay, who joined the Amey board

The cream from the tube would easily drown the losses of the past. Thus was Amey's survival due in no small part to the chancellor, Gordon Brown, described in the *Eye* as "the only person left in the country who still believes the London Underground should be flogged off to companies such as Jarvis and Amey".

There was, however, one other person who, despite all the evidence to the contrary, continued to believe in the magic of Amey. In August 2003, at the depth of Amey's misfortune, *Eye* 1087 reported that Nigel Crisp, head of the NHS, had "put the American director of a clapped-out privatisation firm in charge of Tony Blair's 'fast track' hospitals". Ken Anderson, Texan-born development director of Amey, was "the new commercial director of the NHS" whose job is to tempt private entrepreneurs with records as impressive as Amey's to run the new privatised diagnostic and treatment centres.

BLAIR BABE RUTH MAKES A CLAIM

By 2003 PFI dominated a substantial area of British business. No fewer than 570 PFI deals had been signed for business worth a total of more than £50bn, though arguments rage on about the value of these deals.

A great deal of effort was made, however, especially by the publicity offices of the four big accountancy firms that made the most out of PFI, to demonstrate that most PFI schemes finished on time with their projects intact and sound. Indeed, in a debate on 2 April 2003, Ruth Kelly, financial secretary to the treasury, quoted from a national audit office report whose conclusion, she observed, was as follows: "Before PFI, 70 percent of projects were late and 73 percent over budget, but under PFI, the situation was dramatically reversed: 76 percent of projects were on time, and 78 percent within budget. What is more, where projects were not delivered on time, the private rather than the public sector has borne the cost."

This rosy picture did not take into account the treasury's method of calculating the cost of PFI contracts. Many of the calculations were made from the moment the contract was signed, not from the original outline business cases which, as we have seen, grew hugely before the contract was finally agreed. Nor did they allow for the fact that PFI contracts for roads were usually easier to complete on time than others involving much more complicated day-to-day human activity like hospitals and schools. But above all the NAO figures did not examine the long-term price of these PFI projects: the heavy burden of debt weighing down on hospital trusts, ministries, other government agencies and local councils from shelling out year after year for the PFI projects without any control over the facilities.

As we have seen throughout this survey, there were many schemes, especially in the National Health Service and education, where the experience of PFI was precisely the opposite of the picture presented by Ruth Kelly.

But one conclusion surmounts all others. The PFI hysteria in the Labour government led to an enormous transfer of power in Britain: from public, elected authorities to private unelected corporations. Into the bargain, the corporations were guaranteed a flow of public money that would continue for at least a generation, whatever happened to the original product. This flow of money cannot be cut off and will increasingly wear down the authorities providing it. Under the old system of procurement, there were of course massive cost over-runs from which most of the big construction companies, their accountants and finance houses siphoned off huge profits. The chief difference between the old system and the new is that under PFI the public debt to the private provider continues relentlessly for at least a quarter of a century.

We are still at the beginning of that time scale, and no one can predict what the eventual effect of this vast indebtedness will be. The early signs — for instance in the continuing arguments over the Edinburgh Royal Infirmary — are not hopeful. We know enough about these schemes already, moreover, to expose the myth that these PFI schemes transfer risk from public to private sector. Again and again, as the schemes extend further and further into areas that cannot be abandoned by government, the risk comes back to where it started: with the public authority that transferred the power in the first place.

THE GREAT PFI SELL-OFF

Very recently, a new development has further shaken any confidence the public may have had in these most unpopular schemes. The consortia that developed the big PFI projects have been selling off their stakes to make more money to invest in more PFI deals.

Eye 1095 reported the sale by Carillion of its share in the lucrative PFI deal in one of the first hospitals built under PFI, Darent Valley in Kent. The price it got was £16.4m, four times its original investment. The buyer was Barclays UK Infrastructure fund, with obviously close connections to Barclays Bank. Two issues later (1097) the *Eye* reported: "The extent of these sales has now reached staggering proportions. A private equity group called Star Capital has acquired stakes in 25 PFI projects worth around £2bn. Why this sudden rush? One reason is probably the 'substantial shareholdings' tax exemption in Gordon Brown's 2002 Budget. This absolves companies selling shares in other companies in which they have at least a 10 percent stake from paying tax on any capital gains they make."

Considering the huge capital gains the companies did make on these sales, this tax exemption was obviously a big incentive to the companies to flog off their PFI stakes. But there were also other reasons the international funds wanted to buy them. The PFI stakes gave the funds what they needed most: a regular stream of income from British public authorities that cannot go bust. So while the PFI corporations made a hefty untaxed capital gain on the sale which they can invest in further PFI deals — and so on, ad infinitum — the funds got a steady income. Both prospered accordingly. Henderson Global Investors reckons that "once operational, PFI concession companies deliver average running cash yields of 10 to 12 percent per annum on projects acquired in the secondary market" — a nice little earner by any standard.

But what are these funds and where are they registered? The main funds are run by three private equity companies, Barclays Private Equity, Innisfree and Star Capital. The funds they manage pool money from some of the richest people and institutions in the country (and outside it), who are not the sort of people likely to have any use or concern for the state of the schools and hospitals they are snaffling up in the great PFI bonanza.

Trailblazer? Darent Valley Hospital, Kent

The funds don't advertise where they are registered and don't publish detailed accounts. Many are set up as "limited partnerships" — a neat device which limits the investors' risk in the projects and at the same time ensures that the funds don't have to disclose who owns them. They are well and truly private and much more so than the companies selling them the PFI stakes. They are private in the sense of "Private — Keep Out!"

They are also huge. Innisfree boasts £5.7bn in its four private equity funds. The money is funnelled into the funds by "managers" such as Hermes, Norwich Union and Henderson Global Investors. Included in this huge reservoir of wealth are majority stakes in the £450m Derby hospital PFI scheme and the £50m Birmingham schools PFI scheme. Barclays Private Equity has 30 projects with a capital value of more than £2bn. Managing these vast funds is no doubt made easier by the fact that two former members of the Tory government's private finance panel, Chris Elliot and David Lindsay, sit on the fund's board.

In the same way Star Capital, which doesn't disclose the PFI projects it has snapped up, is backed by the Royal Bank of Scotland, whose board is graced by Sir Steve Robson, former top privatiser in the treasury and still a member of PUK, the privatised arm of the former treasury task force. The City ranking for this operation can be measured by the fact that Star Capital's chief executive Tony Mallin gets over £600,000 a year. So all these funds, their investors and advisers, do very well out of this latest fashion for flogging off PFI stakes.

But what about the people most affected by the PFI sales in the first place? One of the central arguments for PFI was that it leaves the public sector providing public services (like the NHS) and the private sector "doing what it does best"— ie owning and running buildings and services. But the recent fashion for selling stakes to private funds removes the PFI companies from any responsibility for "doing what it does best". Responsibility for running of the services, schools and hospitals, for instance, passes with the sale of the stakes from the contracting companies to mysterious and remote private funds. How interested are they in mending a leaking school roof or a hospital operating theatre?

For an answer, hark once more to Henderson Global Investors. It insists on "the ability of the management and board of the concession [PFI] company to ensure that its operating costs and the costs of planned maintenance are managed in accordance with, or better than, the assumptions that the purchase was made on". In other words, cut costs where possible. Moreover, "the portfolio should be actively managed to ensure that the performance of the investments are optimised, and all operational, financing, tax and accounting efficiencies are effectively identified and extracted". In other words, milk the newly-bought PFI stake all you can.

The point is quite clear. The users of the assets consigned to PFI are even more distant from the people responsible for them than they were when the PFI deal was first made. It was bad enough when identifiable companies, registered and paying tax in Britain, owned and managed the assets. But now the owners and managers are hidden from public view, heaven knows where.

There are signs in early 2004 (as this is written) that some senior civil servants who

OFF BALANCE

THE STRANGE CASE OF THE VANISHING HOSPITALS

■ LONG before he took office, Gordon Brown let it be known that he wanted to be remembered as the Iron Chancellor. In a debate in April 2003, Mark Hoban, Tory MP for Fareham, suggested that a more suitable nickname might be the Enron Chancellor.

Enron, a huge international energy trading scam run by a friend of President George Bush, went bust in 2002. Its accountancy firm, New Labour favourite Arthur Andersen, was later shown to have specialised in a system of "off balance sheet" accounting. By the rather simple device of taking deals and assets off balance sheets, Enron was able to pretend that it made healthy profits (and, incidentally, managed to keep regulators and inquisitive journalists off its back).

Mr Hoban's rather cheeky new name for Gordon Brown arose, he suggested, from the way the government accounted for PFI projects. In the old days of public procurement, when the government built a hospital or a school, the asset appeared on the government balance sheet and had to be paid for out of taxation. But under the PFI system the asset does not appear on the government balance sheets. So the cost of the project is not counted as government spending and the government does not have to borrow money to pay for it.

There can be no doubt this device was the chief reason for New Labour ministers' almost evangelical enthusiasm for PFI. They could build hospitals and schools and, although they would be paying for them for at least a generation, they would not have to count the money they shelled out as public expenditure. More than anything else, this made it possible for Brown to keep his promise not to spend more for at least two years than the Tories had done.

Whoops! In September 1998, when Geoffrey Robinson was still paymaster-general, the accountancy standards board – the body that sets out accountancy rules in Britain – rudely threatened the whole process. The board stated categorically that the capital value of PFI schemes (and the related borrowing) *should* appear on the government's balance sheet. Anguished negotiations followed and ended in a compromise.

In June 1999 the treasury issued its guidance on how to account for PFI transactions. These guidelines went to the heart of the original rationale for PFI: the transfer of risk to the private sector. It was agreed that if the risk was genuinely transferred to private consortia, nothing need appear on the government balance sheet. Naturally, the government wanted as many as possible of the new PFI contracts taken off balance sheet, and this was achieved. On 7 November 2002, in answer to a question from Matthew Taylor, then Liberal Democrat spokesman on treasury matters, Paul Boateng, chief secretary to the treasury, gave a list of PFI contracts operational at the end of the 2001-02 financial year and the accounting treatment that had been adopted for them. Of the ten hospital contracts mentioned, nine were off balance sheet. These included the new Norfolk and Norwich hospital (capital value £158m) and the Queen Elizabeth Hospital in Woolwich (£118m).

So all these projects were not accounted for in the government accounts. But here's a strange fact. They are not accounted for in the accounts of the consortia either. There is no reference on the balance sheet of Octagon, the consortium that built the Norfolk and Norwich hospital, of any such hospital. Indeed, the *Eye* understands that none of the big PFI hospitals taken off the government balance sheet appear on any balance sheets of the consortia that built them. They have simply vanished into a black hole. Why?

One answer may be a new tax dodge called "corporate trader status", sanctioned by the treasury in late 2003 and keenly promoted by the big accountancy firms. If a company can show corporate trader status, it can get tax relief on the entire cost of a PFI project, as opposed to the 30 or 40 percent it would otherwise get relief on.

In the case of the Norfolk and Norwich hospital, corporate trader status would save the company (and cost the taxpayer) £30m to £40m. The auditor of Octagon is KPMG, which advertises its wares on its voluminous website and is not apparently too nervous about the allegations of conflict of interest between auditors and tax advisers that so damaged Arthur Andersen over Enron.

Among KPMG's other skills, it boasts, is an ability to help PFI companies which own property and evaluate "whether the property could be accounted for as fixed assets or financial assets on the company's balance sheets and the effect this will have on the tax position and the timing of tax liabilities."

To achieve corporate trader status, companies cannot keep the assets built by PFI on their books. And under accountancy rules they can only keep them off if they don't carry the risk of the PFI deal. So the companies like Octagon that keep the assets off their balance sheet are saying that the risks of PFI stay with the taxpayer, thus defeating the primary objective of PFI and effectively calling the government accountants incorrect into the bargain.

Hello, cheeky: Mark Hoban in the Commons

retain an element of responsibility for what they do, are growing worried about the consequences of PFI. The gross rise in the estimated cost of the proposed hospital in Paddington Basin, for instance, has led to further inquiries by the treasury and the NAO before the project goes ahead. In late 2003, a former employee at the National Physical Laboratory at Teddington, Middlesex, rang the *Eye* with details of a staggering PFI horror story. The whole ultra-sophisticated new building was due to be in place to celebrate the millennium in 2000, but after a series of design disasters it was still unfinished. Up to now, our informant said, the private sector had taken most of the risk. Laing Construction had been driven to the edge of bankruptcy and SG Bailey had lost about £10m.

As they dodged the private sector's complaints and demands for some sort of government bail-out, officials at the DTI grew nervous of PFI projects for such complicated projects. So when in 2002 the government announced that it was backing a new scientific facility at Didcot, Oxfordshire, it inspired what our source called "a wave of panic at the DTI in case this scheme too was consigned to PFI".

The magazine *Building* revealed: "The DTI intends to retain strict control over the scheme to avoid a repeat of the problems of the National Physical Laboratory at Teddington." The *Eye* rang the DTI to ask if the Didcot project was going to be built under PFI and got a sharp reply: "No this is not a PFI project."

So while ministers such as chancellor Gordon Brown and schools minister David Miliband remain firmly in favour of PFI, behind their backs some officials are beginning to regret that they ever got into the mess in the first place. How long they can keep their doubts to themselves and how long PFI will go on delighting New Labour ministers, is not at all clear.

What is already clear is the awful legacy that PFI has left behind. Is it cheaper for the taxpayer? No it is not. In every area where it has been adopted it has cost more, and will go on costing more. Has it led to more dependable buildings? No it has not. The PFI buildings are every bit as prone to disaster as buildings constructed by any other method. Has it "saved" public spending? Only by skilful manipulation of what a former Labour frontbencher warned would be "financial sleight of hand" and "deceit". "Borrow more and charge more" will forever more be the PFI slogans of government, even if that means wholesale abdication from responsible accounting and eventually from all democratic government.

Additional reporting and research by Solomon Hughes, Jane Mackenzie and Sue Roccelli.

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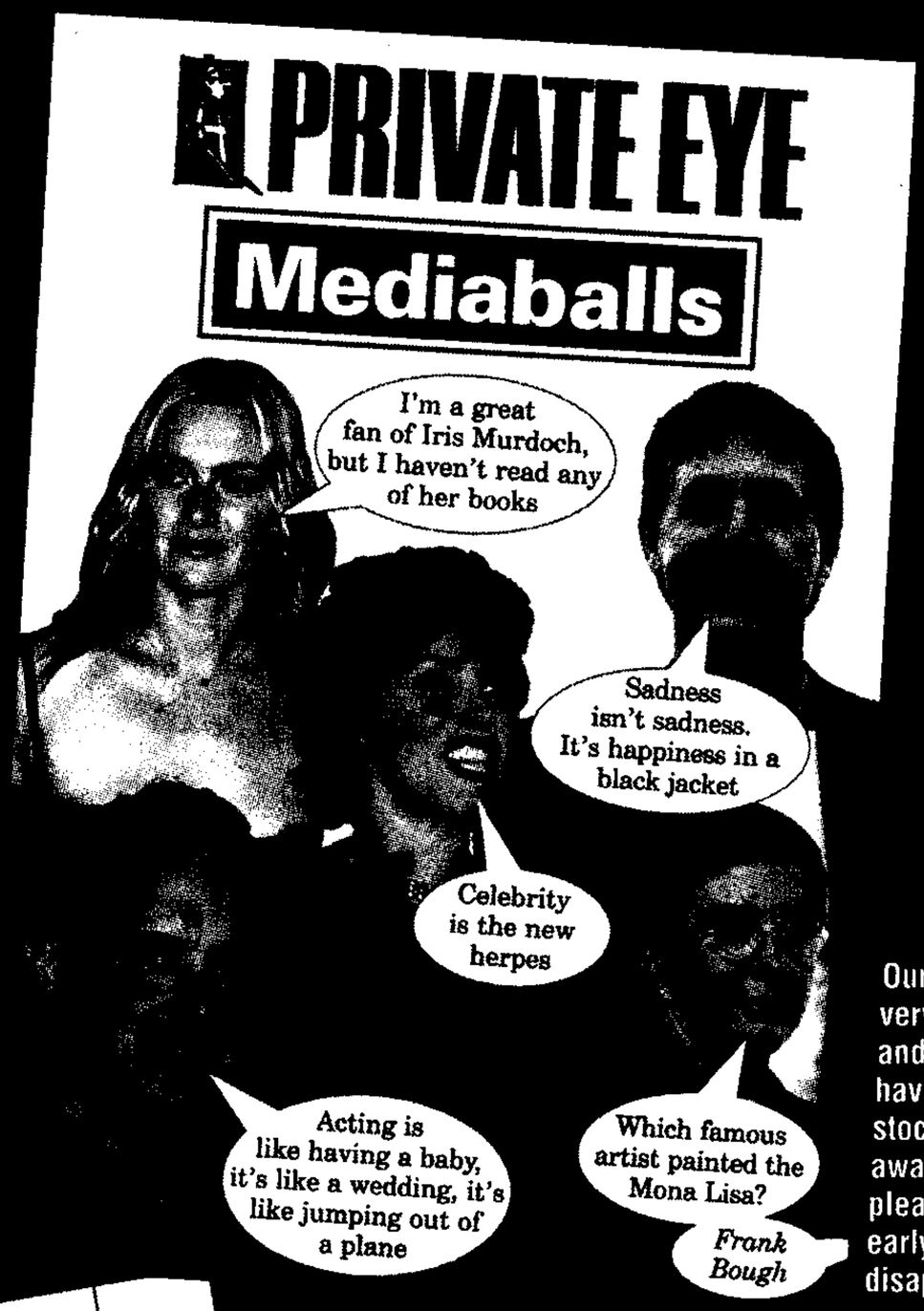
PRIVATE EYE
Mediaballs
I'm a great fan of Iris Murdoch, but I haven't read any of her books
Sadness isn't sadness. It's happiness in a black jacket
Celebrity is the new herpes
Acting is like having a baby, it's like a wedding, it's like jumping out of a plane
Which famous artist painted the Mona Lisa?
Frank Bough

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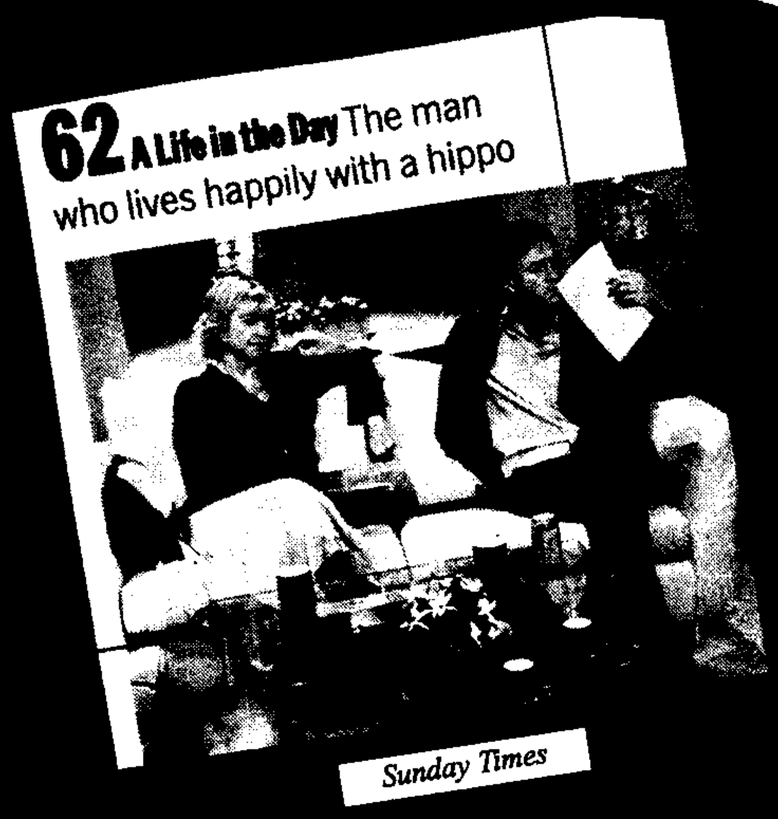
62 A Life in the Day The man who lives happily with a hippo

Sunday Times

Jay Leno: Who was the first man on the moon?
College student: Louis Armstrong.

The Tonight Show With Jay Leno

"A cat charity [in North London] says fewer people are taking in homeless cats – and they're blaming it on the war in Iraq and congestion charging."

Wood Green Weekly Herald

The pace bowler still hopes, however, to make the Ashes tour. "I want to play badly," he said.

Daily Telegraph

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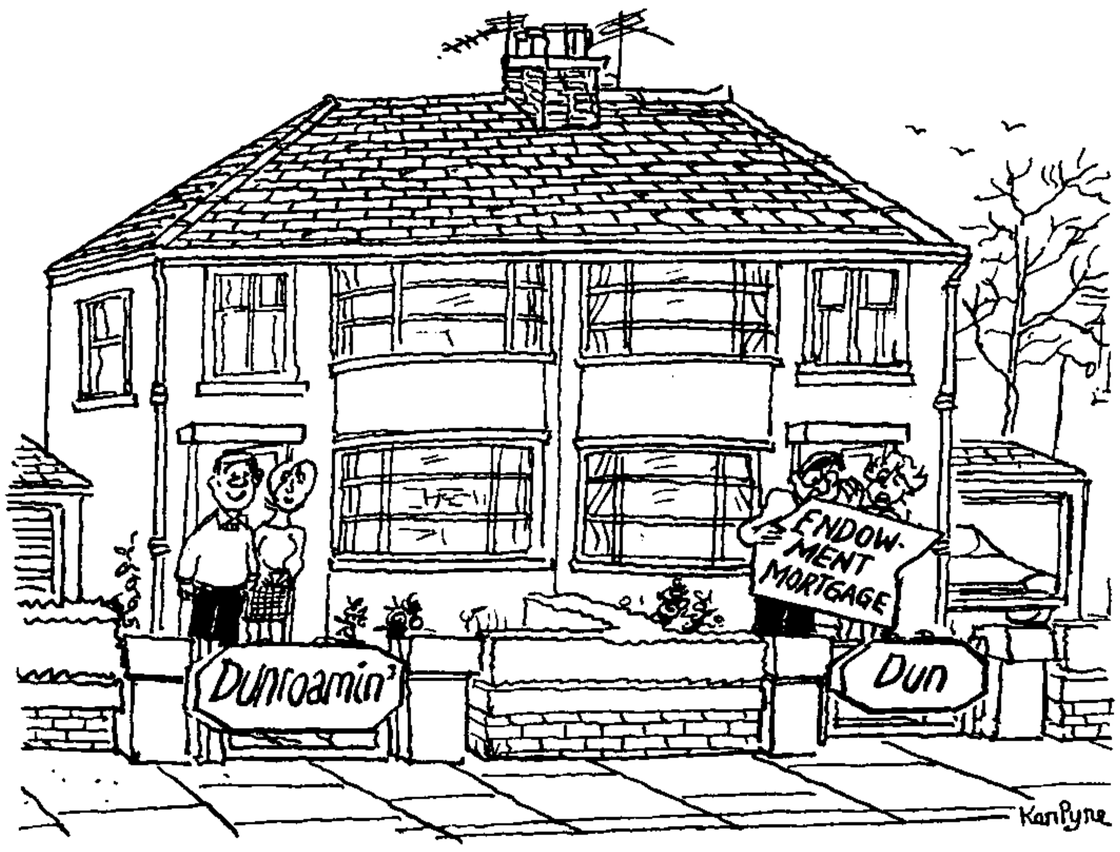


The Tabloid Timetable Of Shame

Day One:

FOOTBALL RAPISTS DISGRACE BRITAIN

Day Two:

'OUR DATE RAPE HELL' BY INNOCENT WOMEN TOURISTS

Day Three:

ER...

Day Four:

BLACK SLAPPERS WERE GAGGING FOR IT

Day Five:

BRITAIN SALUTES INNOCENT FOOTBALL VICTIMS

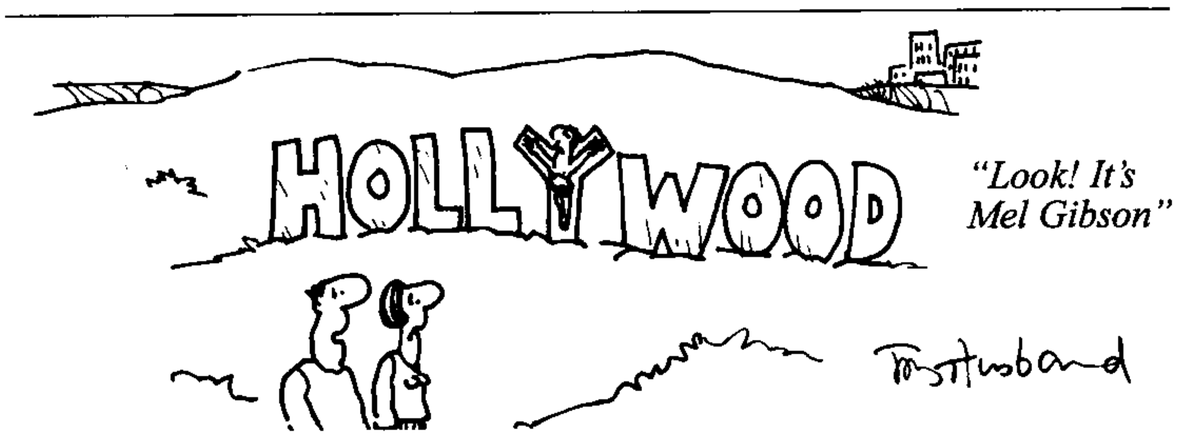
EXCLUSIVE TO ALL PAPERS

AN APOLOGY

IN RECENT months, in common with all other newspapers, we may have given the mistaken impression that Prince Harry was a boozed-up, druggy, party-mad toff who is only happy when he's balancing a page three stunna on his lap in a nightclub in Kensington. A young man who despite his privileged lifestyle cares only for himself and who is a disgrace to Britain and the Royal family.

However, in light of Prince Harry being photographed in Africa balancing a child, whose life has been blighted with AIDS, on his knee, we now realise that nothing could be further from the case, and that Harry is in fact a young man who, like his mother, cares deeply for those less fortunate than himself and who is a credit to Britain and who we are privileged to count as a member of our Royal family.

We apologise for any confusion caused, and any confusion in the future when the next time a tired and emotional Prince Harry is photographed leaving a nightclub at three in the morning with a blonde on his arm, we brand him a spoilt, privileged toff who is a disgrace to the memory of... *(etc... etc... etc...)*

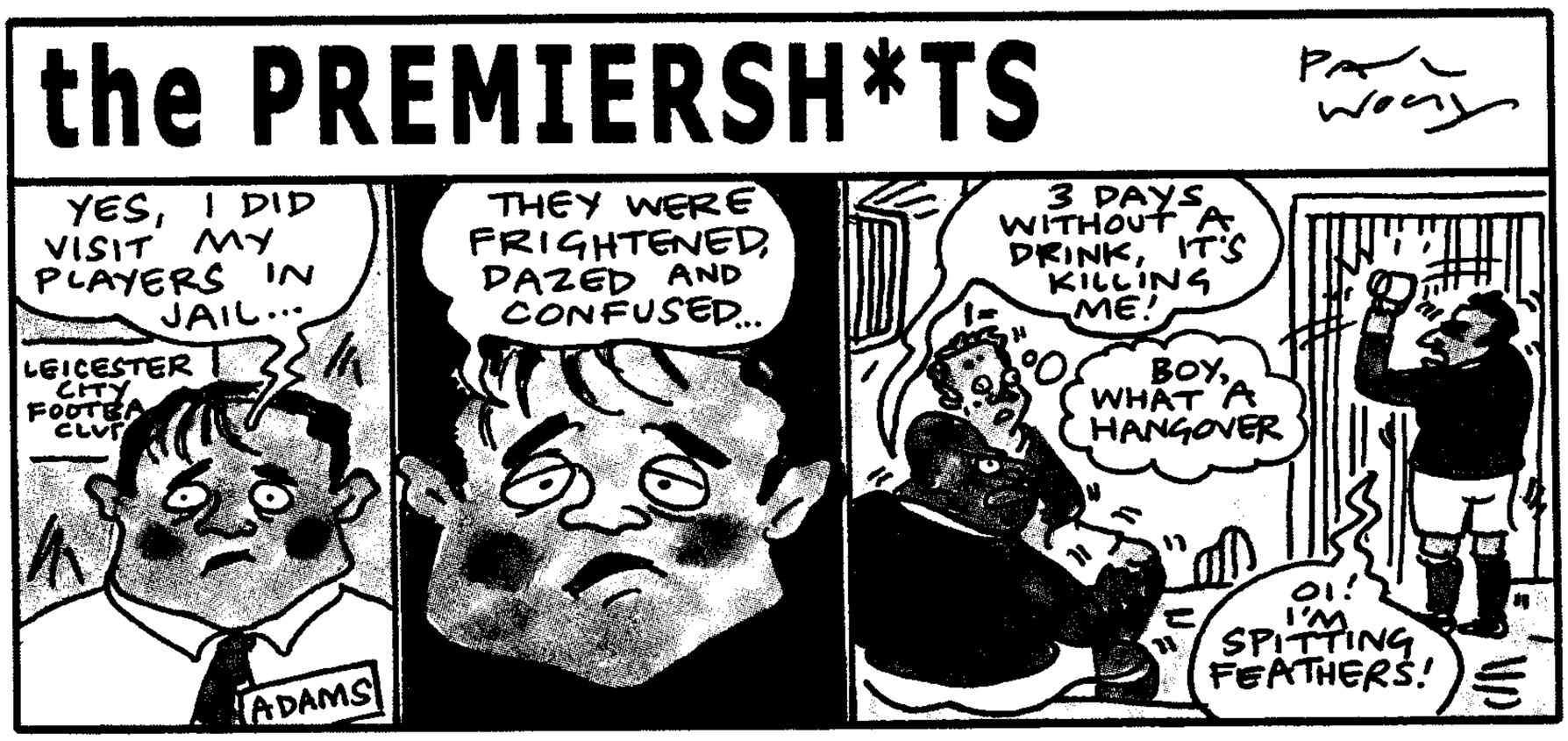


Notes & Queries

QUESTION: What is the derivation of the Brillo Pad? *(Asks reader Mrs Rusbridger from Robertsbridge)*

☐ THE Brillo Pad originated in the 15th Century on the small Channel Island of Brellou, off the coast of Sark, where the twin Barons de Barclay built an impregnable fortress to ward off English raiders. One of the serfs in their employ was a humble Scotsman, Andrew. It was Andrew's daily task to scrape out the various barrels that the brothers had left after their revels. Unsatisfied with the cheap hog's hair brush that the Barons de Barclay provided, the resourceful Caledonian swain used his head (quite literally!) as a crude, but effective, scouring pad. Monks visiting the island were so impressed by the shine on the barrels that they copied the device on their return home, calling it the "Brellou Pad", which later, of course, became the Brillo Pad that we know and love today. *The Rev. Donald Massingberd, Berks.*

Answers, please, to the following: a) Who was the first person to cross the Sahara on skis? b) Can fish swim backwards? c) Why is Barbara Amiel still published in the Daily Telegraph?


the PREMIERSH*TS
PAUL WOOLEY
YES, I DID VISIT MY PLAYERS IN JAIL...
LEICESTER CITY FOOTBA CLUT
ADAMS
THEY WERE FRIGHTENED, DAZED AND CONFUSED...
3 DAYS WITHOUT A DRINK, IT'S KILLING ME!
BOY, WHAT A HANGOVER
OI! I'M SPITTING FEATHERS!

TV Highlights

Footballers' Wives

(ITV) Wednesday 9.00pm

In the most fantastically unbelievable plot so far, this episode sees a premier league footballer come home after training to spend the evening with his wife and children watching the television, before going to bed to get an early night so he's refreshed in the morning for the match.

GLENDA SLAGG

FLEET STREET'S WOMAN OF ACHIEVEMENT

■ **WOMEN of achievement??!!! Don't make me laugh!!!? I'm talkin' about the Queen's buffet lunch for the 150 top female achievers!!?! More like 'buffoon' lunch (Geddit??!?!), given that the likes of clothes-horse Kate Moss, gold-digger Heather Mills, and cockney youf-flop Janet Street-Porter were there!!!?! Women of achievement!!?! I bet you're fallin' off your chair laughin'!!? Do you know who I feel sorry for – Her Maj the Queen who has worked her way up from nothing to become Britain's top woman!!!? Hats off to her, or rather crowns??!?!**

■ SO WHERE were the **real** woman of achievement???! Not the celebs and media junkies, but women like my Auntie Beryl who gets up at six-thirty every morning to go out and clean the computer screens in the local DHSS office!!! Or my other Auntie, Janice, who gets up at four-thirty every morning to make a cup of tea for the other auntie before she goes to the DHSS??!? These are the real women of Britain, not some half-starved model in a mini-skirt, jumped up billionaire's missus or mouthy TV presenter!!??!

■ **AND while we're talking non-achievement here, what were Cherie Blair, Norma Major and Jemima Khan doing there?! I'll tell ya, mister!! These gals' only achievement was to get some famous fella down the aisle and then milk him for all he's worth!? Pass the sick bag, Princess Alice! Geddit?! Wise up Your Maj and stop hobbin' and a-nobbin' with second-rate schmoozin' spouses and get in some seriously suitable singles!!??**

■ *OF COURSE you've spotted who else is missing from the list???!?! You're thinking where are the brilliant women columnists who tell it like it is and aren't afraid to tell the Royals exactly what they think of them, ie that they do a marvellous job except when they invite the wrong people to their lunches???!? No offence, ma'am, but I'd like to be on the next list – pleeeeeeeeeze!!!!*

■ HERE THEY ARE – Glenda's Men of Achievement

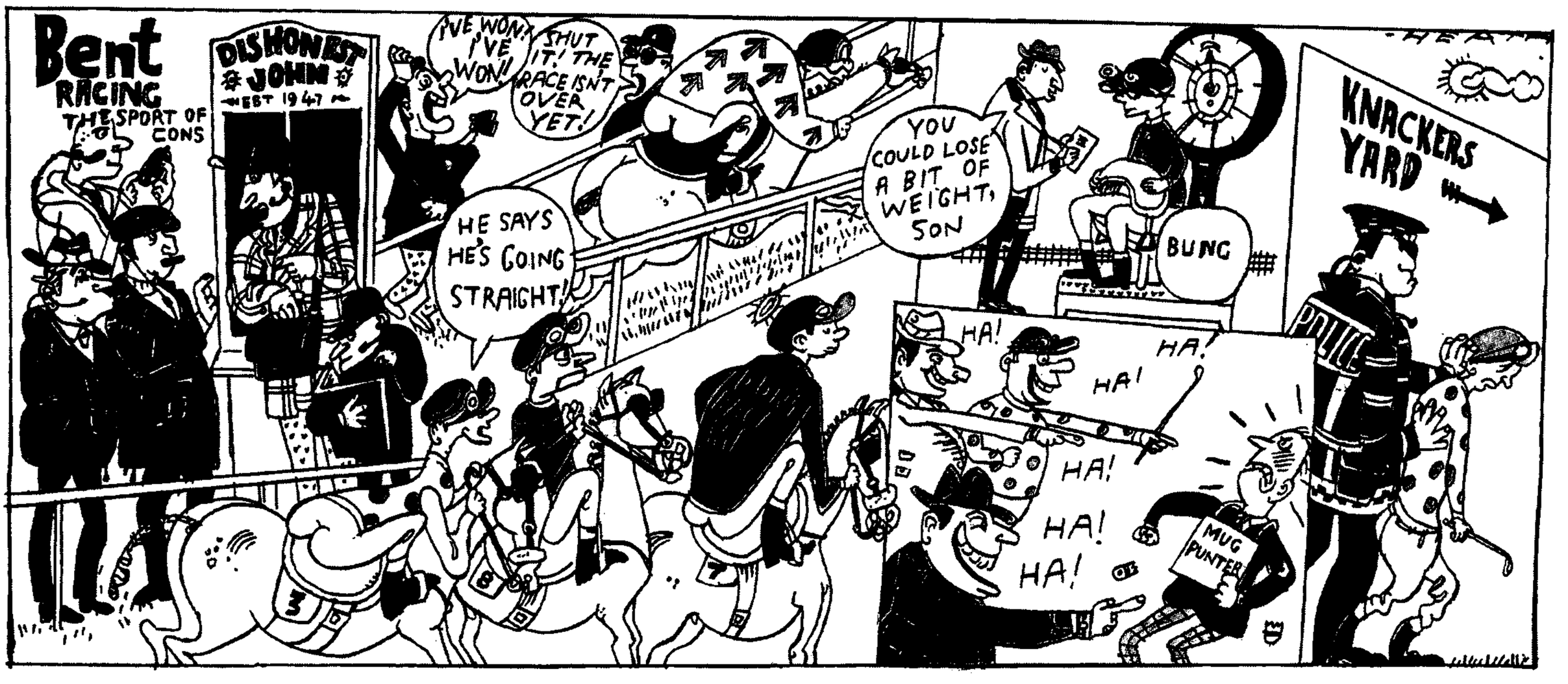
● **Steve '7-for-12' Harmison** – You've certainly bowled this maiden over (Geddit!!???!) More balls, please!!?!!! (Geddit????!)

● **Kieron Fallon** – OK, so you've been banned for losing a race, but you can come and ride this filly any time!!????!?

● **Ex-Prime Minister Aznar of Spain** – OK, he Aznar votes in Spain!?!?!? But he gets mine any day???!? Olé Señor.

Byella!!!

Next Week – a new column by ***Glen Slagg,*** *Fleet Street's Mr Polo Neck!!*



Nursery Times

Friday, 19 March, 2004

THOUSANDS OF UNQUALIFIED PEOPLE ENTER GOVERNMENT

by Our Asylum Staff **Oliver Letemin**

HUGE numbers of undesirable and unskilled workers have been allowed to enter the government without any checks being made on their suitability for the job.

This new scandal only came to light when a courageous whistleblower saw Immigration Minister Beverley Hughes being interviewed on Channel Four News.

Last Straw

"It was obvious," said the whistleblower, "that this woman knew nothing about anything. She was utterly useless. Why on earth was she allowed in and given a job?"

But government spokesman Jack Straw defended the policy. "We need useless people in government," he said, "to do the kind of work that competent people simply aren't prepared to do.

"You can't suddenly decide that you don't want useless people coming in any more. I myself am proud to say that I come from a useless background, and I like to think that my performance in office has justified our policy of not being too strict in checking whether people are any good or not."

Should These People Be Chucked Out And Sent Home? *You decide*

Beverley, 58
"I like it here in government. You don't have to be any good, and people accept you."

Ruth, 46
"I think useless people have a lot to contribute."

Baroness Amos
"Incompetent people have a different outlook on life, and can really mess things up in a way that others can't."

CHURCH OF ENGLAND LATEST

by Our Religious Correspondent **Rowan Pelling**

THE Archbishop of Canterbury, Rowan Williams, has stunned many in the Church by insisting that schoolchildren be encouraged to read "the Bible".

"Do we really want our children reading a two-volume international best-seller filled with magic and miracles and graphic violence?" said one shocked Church-goer. "Surely our children would be much better off understanding God's teaching through more traditional religious works, such as Philip Pullman's *His Dark Materials*?

Dr Williams however reminded parishioners what St Philip wrote in *The Book of the Amber Spyglass*, Chapter 7, verse 3: "It is easier for Iofur Raknison, King of the Armoured Bears, to pass through the eye of a needle, than it is for Mrs Coulter to enter the Kingdom of Lyra" *(cont. p. 94)*

Conversationists and farmers are battling over whether wolves should be reintroduced into the Scottish Highlands. *The Countryman*

JACK GETS GO-AHEAD TO PLANT MAGIC BEANS

by **The Brothers GM**

THE GOVERNMENT last night gave Jack the green light to cultivate his controversial genetically-modified beans.

Environmentalists have voiced concerns that the GM beans would produce a massive beanstalk which would grow up to the sky and which would result in a horrible giant coming down with an axe.

Scientists, however, were quick to pour scorn on what they called "alarmist nonsense, the stuff of fairytales".

Late News

Defence Cuts – Grand Old Duke of York to have one hundred men only. *"I don't think I'll be marching them up or down any hills,"* he said, *"because they haven't got any boots."*

'BIG RACE WAS A FIX' SHOCK CLAIM

by **E. Sop**

THE RACING world was in turmoil last night over allegations that the classic Derby between the Hare and the Tortoise had been rigged.

Furious punters watched as the Hare, the clear favourite, gained a ten-mile lead and then "fell asleep" just before the finishing post. A surprised tortoise then stormed ahead to win the race.

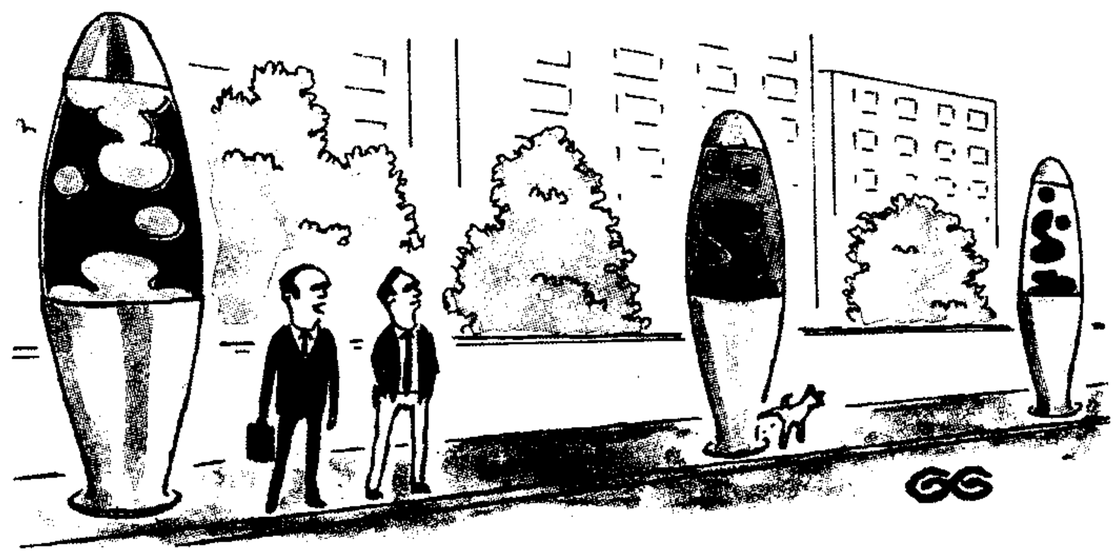
Said one unfortunate loser, Mr Squirrel, "I put a hundred nuts on the favourite and he blatantly threw the race. There should be an inquiry conducted by a senior owl."

However, a delighted betting syndicate, led by Mr Mole, said, "We had no inside knowledge, but just had a

hunch that the hare would doze off before the end, allowing my colleagues and me to clean up."

On Other Pages

- **Cock Horse banned from Banbury Cross event for 21 days**
- **Gingerbread Man cleared** – *"I do not contain nandrolone,"* says top sportsman
- **ITV snatch rights to Pea Green Boat Race**



"Another '60s housing estate"

The Jo Whiley Show With George Michael

Jo Whiley: My studio guest today is George Michael – hi, George.

George Michael: Can I just say here on national radio, that I've had it up to here with fame and the pressure I'm under to constantly market myself, which is why my new album 'Patience', currently available in all good record stores, will be my last.

Jo Whiley: Why's that, George?

George Michael: As I was saying in an exclusive interview with *OK!* magazine, even the fact that I'm very generously giving away all the cash I make from future songs to charity is simply being written off as just another publicity stunt.

Jo Whiley: So that's it?

George Michael: Yes, I'm sick and tired of constantly having the paparazzi at my door day and night – of whom there were a load camped outside a promotional event for my new video which, in case you didn't know, comes out in... *(cont. on LW)*

"It's my Jason – he's crying"

EXCLUSIVE TO THE OBSERVER

The Fly-Half Laureate, **Sir Jonny Wilkinson** of That Drop Goal, salutes the amazing talents of English poetry hero **Andy Motion.**

A SONG FOR ANDY

Andy, the power of your verse,
Is enough to make all of us curse,
It's such terrible doggerel,
It should be written on bog roll,
It honestly couldn't get worse!

by J. Wilkinson (10)

Byers Blames 'Greedy Lawyers' for 'Compensation Culture'

by Our Legal Staff **Joshua Rozenbeard**

ANGRY, greedy lawyers hit out last night at Stephen Byers after he accused them of encouraging compensation cases in order to make money.

Said a spokesman for the greedy lawyers, "We bitterly resent the implication that we are greedy. We are deeply hurt, distressed and injured by this claim and will be seeking massive compensation from the *(cont. £94 million)*

MAN QUITS POP BAND

SHOCKING news emerged yesterday, when it was revealed that a man had left a pop band.

A spokesman for the group said, "Before he left the group there were five members – now he's gone, only four are left."

ME AND MY SPOON

THIS WEEK

NO. 94 MICHAEL HOWARD

How would a Tory government's approach to spoons be different from that of the present government?

That is a very intelligent question and it requires a proper answer.

Can I have it then?

Well, we have to move towards the kind of society where the government doesn't tell you what sort of spoon you can or can't have. We need to provide choice, and the obvious way to do this is through Spoon Vouchers. I believe people are fed up with the nanny state approach to spoons.

How would your new system work?

That is another very good question, if I may say so. And it highlights the very point I'm making.

Which is what?

Well, let me try to explain. If I want an expensive spoon for my children, I should be allowed to provide such a spoon without being penalised for doing so. So under our Voucher System I could exchange the voucher for half the value of the spoon and make up the rest from personal savings. Doesn't that seem fair?

But what about people at the bottom end of the earnings scale, who may not have the money to benefit from such a system?

Well that's your best question yet, if I may say so! I believe very strongly that no one in our society should be deprived of access to spoons, but the best way to achieve that is to work towards cutting taxes so that people have more money to exercise their choice, whether it be spoons, forks, knives or anything else.

Has anything amusing ever happened to you in connection with a spoon?

That's a marvellous question, and I firmly believe that the answer is no.

NEXT WEEK: Peter Jay – "Me and My Jay".

the PREMIERSH*TS
REAL FOOTBALLERS' WIVES...
I BELIEVE MY HUSBAND IS TOTALLY INNOCENT...
I GOT THIS POSTCARD FROM HIM IN LA MANGA...
"HI LOVE, WISH YOU WERE HERE, WEATHER'S GREAT, WE'RE ROASTIN'."

THE CONSOLATIONS OF PADDING –AN END TO PADDING ANXIETY

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DEFINITIONS

Pad
– a piece of soft material used to reduce friction or jarring
– a number of sheets of blank paper fastened together at one edge, for writing or drawing on
– the fleshy underpart of an animal's foot
– a guard for the leg and ankle in sports, part. cricket
– *(colloq.)* a lodging, esp. a bedsitter or flat
– lengthen or fill out a book with unnecessary, repetitive or irrelevant material

Padding
– soft material used to pad or stuff with

Ding
– make a ringing sound
– a bell-like noise

Ding-a-ling
– the sound of a bell

Ding-dong
– the sound of two chimes, as of two bells
– an intense argument, perhaps resulting in a fight

Dinghy
– a small inflatable rubber boat

THESIS

– That padding possesses an exceptional capacity to console authors, pacify publishers and detain readers.
– That padding, like all activities, has many uses: increasing the number of pages we hand in to our publishers; spurring us to write more and longer

ALAIN DE BOTTON

books; encouraging employment among those in print and paper-related industries; and filling out our bookshelves and those of our readers.
– That one of the most profitable ways of addressing the problem of padding lies in repeating what you have already said.
– That one of the most profitable ways of addressing the problem of padding lies in repeating what you have already said.

figure 1
an unpadded page

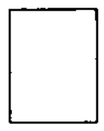
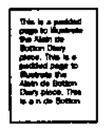


figure 2
a padded page



CAUSES

A Desire to Pad

It is according to how long we desire our completed book to be that we determine by how much – by what number or quantity of pages, words, letters and punctuations marks – to pad it out. Our gain in happiness will thus be commensurate with the accuracy with which we have calculated the sufficiency of padding.

A Devotion to Sub-Headings

The philosopher Michel de Montaigne formulated his thoughts in the 16th century, while either sitting down, standing up or – from time to time – going for a walk.

The Insertion of Celebrated Thinkers

This was three centuries before other philosophers, including John Ruskin, Friedrich Nietzsche, and Arthur Schopenhauer had their thoughts. But Montaigne would rarely go for a walk when it was dark outside, possibly for fear of bumping into a hazard, hurdle or obstruction.

A Lesson to be Learnt

From this we may learn that it is safest to think whatever thoughts we wish to think while remaining still, or at least to confine our motion to those moments when the available daylight is sufficient to enable us to see our way clearly ahead.

The Stating of the Obvious

To state the obvious, one is obliged to state the obvious. It is according to how frequently we state the obvious that we determine the frequency with which the obvious is stated.

Conclusion to Section on Causes

In the hands of the finest padders, padding becomes a worthwhile occupation. It takes a curmudgeonly spirit not to appreciate or recognise the beauty of the well-executed pad. Adam Smith, Karl Marx and George Eliot have all contributed to the art of padding since the time of leading playwright William Shakespeare.

HOW WE CAN PAD A SPARE PAGE WITH A GRAPH

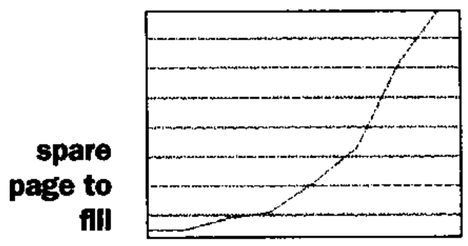


figure 3: graph

SOLUTIONS

I. Is There a Solution?

The basis of padding is to pose a question before then answering it. But first, we must pose the question: is there a solution?

II. There is a Solution

To the question "Is there a solution?" there is an answer, at once obvious, perfectly obvious and exceptionally obvious. To achieve it, we must endeavour to remove the question mark and transpose the first two words, before concluding "there is a solution".

III. Remind me again what the problem was

Socrates reminds us that, in our search for a solution, we must keep the problem uppermost in our minds.

IV. A History of Padding

i) Padding Under The Ancient Egyptians

To increase their efficiency at padding, the Ancient Egyptians would draw stickmen on ancient papyrus.

ii) Padding Under the Romans

Marcus Aurelius taught the Romans that padding leads to feelings of well-being.

iii) Padding in Medieval Times

There was a lot of padding in Medieval Times too. *The Canterbury Tales* by Geoffrey Chaucer demonstrate how *(continued on pages 94-326 plus index)*

As told to
CRAIG BROWN

WHEN YOU AND THE BAND ARE TOURING THE WORLD DO YOU STILL LEAVE A TRAIL OF HAVOC BEHIND YOU?
WHAT?!
YOU KNOW, TRASHING HOTEL ROOMS, LETTING OFF FIRE EXTINGUISHERS, DRUNKEN BRAWLS, DRUG-CRAZED SEX?
I RESENT THAT QUESTION.
I'M A MATURE ROCK STAR, A MUSICAL ARTIST, LOVE...
NOT A PROFESSIONAL BLOODY FOOTBALLER...

Literary Review

War and Peace

GB84
David Peace
(Faber, £12.99)

OF ALL the myriad pleasures offered up by the modern literary life, none is quite so satisfying as the sight of some hip young stylist putting himself sternly through his paces. Here then, without further ado, is "a genuine British original" (the *Guardian*) doing just that:

The bastard sits down opposite the Mechanic. The bastard says, 'Nice tan, David.'

'Where is she? Where's my wife?'

Bastard puts a packet of cigarettes on the table. Bastard says, 'Safe enough.'

'Where?'

Bastard lights a cigarette. Inhales. Exhales. Bastard shakes his head.

'Fucking bastards. Fucking cunts.'

We have been this way before, for young Mr Peace, a 2003 *Granta* Best of Young British selection, has quite a bit of previous. In particular he is the author of *The Red Riding Quartet*, four stupendously gritty slabs of West Yorkshire *noir*, of whose second segment a shaken critic remarked that if you knew the meaning of the word "fuck" you'd read 10 percent of it already. The doorstopping *GB84* reprises many of these elements – the grim north, the *noir*, the swearing – in the context of a defiantly political agenda. Judiciously timed – it was 20 years ago this month that Scargill brought his brave boys out on to the picket lines – this is a novel about the 1984/5 miners' strike.

A documentary novel, too – the action is set out in meticulous, week-on-week detail – which means that a great many real people soon begin to throng an already populous stage. Some of them simply tout their titles – Scargill is "The President", the Coal Board's Ian MacGregor "the Chairman". Others are represented under more or less plausible sobriquets – at least I presumed that "The Fat Man" was the then TUC general-secretary Norman Willis.

Pride of place, though, goes to "Stephen Street", a dead-ringer for Mrs Thatcher's mysterious businessman-cum-journalist chum David Hart who had a tremendous time setting up a National Working Miners' Development Committee and financing anti-Scargill legal action (for a succinct analysis of Hart's role see John Campbell's recent *Margaret Thatcher Volume II: The Iron Lady*, p.367). Street is consistently referred to as "the Jew", and depicted as a drunken, sycophantic, paranoid, vainglorious maniac.

All this goes on for upwards of 450 pages: a fine old catalogue of skulduggery, duplicity, intrigue and hidden tape-recorders (much is made of the covert role of the secret services in stirring things up), together with individual lives broken up on the wheel of great events. Sadly, the eight or nine points out of ten that Peace tots up by virtue of his political engagement, however lost or deluded his cause (no prizes at all for guessing which side our man is on), is instantly reduced to near zero by the stark tediousness of his prose style. Among several distinguishing tricks, mode one is a kind of terse repetitiveness, as when the miners' union CEO and his sidekick turn up at the Yorkshire Area Office: "Terry and Mike went upstairs. Terry and Mike took over an office. Terry and Mike searched a room for microphones. Terry drew the curtains..."

Mode two, on the other hand, combines mode one with a telling eye for redundant detail: *He drove North. He ate dinner at Da Marios on the Headrow in Leeds. Deep-fried garlic mushrooms, Lasagne. A bottle of the house red. He smoked two cigarettes. He finished with coffee.* Mode three, alternatively, consists of staccato reflective bits, always for some reason done *in italics*:

Must not sleep. The days of the week are seven pits. Fifty days without her. Fifty nights. Routine now. This loss. These minutes. These hours. These days.

No flippancy intended. People got hurt here, had their livelihoods taken away and their communities destroyed, and yet you get the feeling that the no doubt excellent points that Peace wants to make about the fashioning of our modern political landscape would have benefited from a tad less portentousness. Ominously enough, the best bits here are those in which the fog of class war and dirty tricks rises a touch and a few real people stagger out into the sunlight, notably ground-down Terry the miners' CEO, nearly all of whose loyalties – emotional as much as political – are being called into question. When it comes to the modern political novel, alas, to bastardise Keats, obliqueness is all.

Writing about writing, cont.

Love Me
Garrison Keillor
(Faber, £10.99)
The Finishing School
Muriel Spark
(Viking, £12.99)
The Tyrant's Novel
Thomas Keneally
(Sceptre £16.99)

[*cont. from* Eye *1101*] The reviewer, having completed his piece about two writers (Wolff and Auster) writing about writers writing, was about to sign off and pour himself a large one, when the Lit Ed dumped another three books on his desk. "More of the same, it would seem." And so it proved to be. A veritable spate of self-regarding metafictions. What was wrong with writers these days? Didn't they ever leave their desks or think of anything but their own craft and sullen art?

Garrison Keillor, for example. Wobegon author of sundry tales of midwestern men and their small town anxieties, has now embarked on the tale of a midwestern writer, his small town success and big city dreams. The writer's first novel (extracts supplied) is a hit, so, leaving his small-minded wife behind, he sets off for the city and gets a fantastic job at the *New Yorker*. In a running gag that barely limps along, the famous magazine turns out to be run literally, not just literarily, by a mafia.

The writer's problem is that although he has achieved his ambition and is now wallowing in hog, or hack, heaven, the expectations heaped on him in the wake of his accidental success are so colossal he simply can't deliver. A second novel is panned and a third held up by a long (and drunken) bout of writer's block. "I sat in my office and thought about writing but nothing happened."

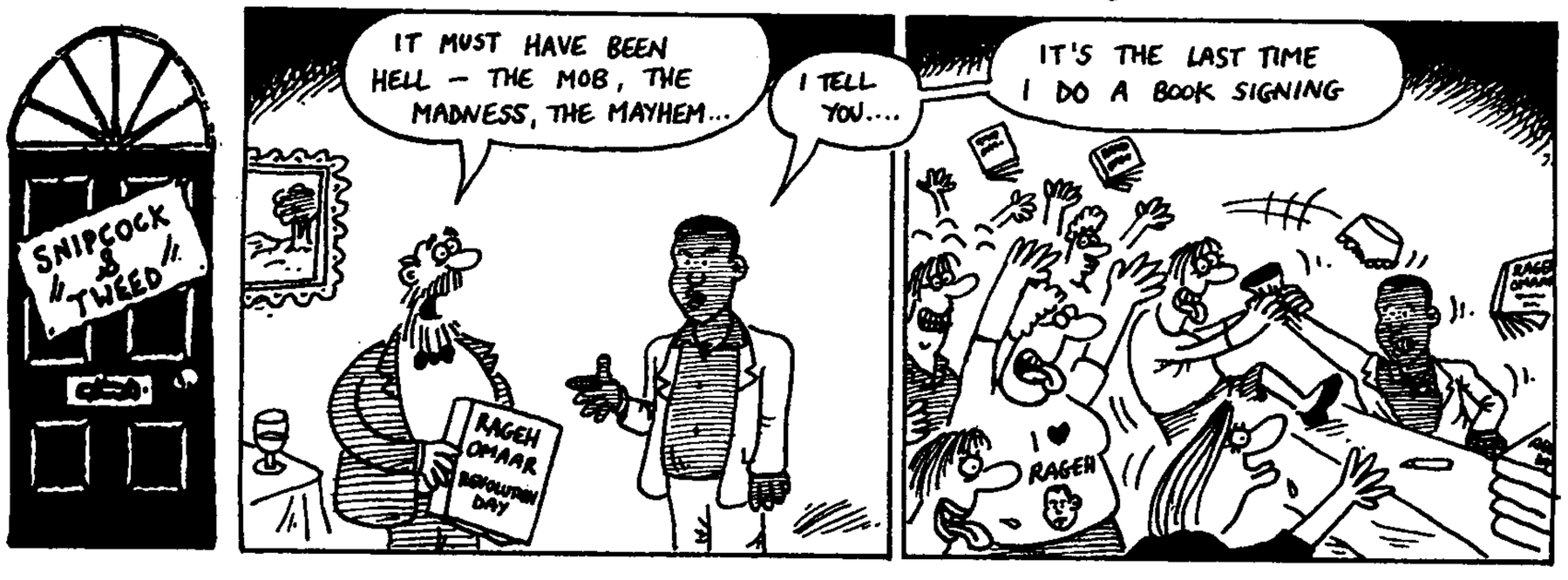
Literary impotence is matched by chronic penile detumescence, so the eager females who leap into his famous lap feel let down, so to speak, by his failure as a fornicator. A writer with a lead-free pencil. Oh dear. As for the story itself, how true is this tale of a midwestern comic writer who made it big then found it small? "This happens when you're a humorist. You tell the truth," writes Keillor on page 203, "and people laugh at you". Well, he should know.

His fictional writer's ambition is partly fuelled by literary envy and this is also the subject of Muriel Spark's rather slim late offering. An older writer runs a finishing school for poor little rich kids, one of whom, though only 17, turns out to be writing a novel himself. From what the older man has seen of it, the younger chap's book looks to be horribly better than his own, meagre efforts. To his existing writer's block he now adds a potentially fatal case of literary envy.

The younger writer's talent seems to be fuelled by the older's fury: he goads the older man on towards the inevitable violence of a rather unsatisfying climax, which somehow takes too long to arrive (Spark's brisk, gossipy style paradoxically allows her to fit several longueurs into a 155-page novella) and in a cheap twist is all too suddenly over. It's as though she has come to the last page of one of her famously precious notebooks and is reluctant to spoil another. How much more paper it would have taken actually to write out, instead of merely quoting extracts and ideas from, her two warring writers' novels, one of which is another tale of murderous rivalry, set in the court of Mary Queen of Scots.

A more modern but no less murderous court is depicted in yet another story within a story within a story in Thomas Keneally's latest. Though all the names are changed, the tyrant of the title, known as Great Uncle, is clearly a pre-war Saddam Hussein. For propaganda purposes he wants to write a novel depicting the dire effects of UN sanctions on his long-suffering people (the ones he and his psychotic son haven't gassed or beheaded). So he hires the hero, a crypto-dissident writer, to do it for him.

Cue long agonies of writerly self-doubt, research trips, interviews, notes, ideas, synopses, extracts and even "useful plot points" taken from the dictator's own ghostwritten (and ghost-ridden) CV, to authenticate the compromised artist's tale. This tale


SNIPCOCK & TWEED
IT MUST HAVE BEEN HELL – THE MOB, THE MADNESS, THE MAYHEM...
I TELL YOU....
RAGEH OMAAR
REVOLUTION DAY
IT'S THE LAST TIME I DO A BOOK SIGNING
I ♥ RAGEH

is all told within another tale, told by someone who later visits the writer in a "detention centre".

It turns out the dissident writer took the tyrant's shilling and agreed to play Shostakovich to Great Uncle's Uncle Joe to save his own and others' skins. "I was able to creak out the required two or three thousand words a day," he reports, with evident relief, after clearing his writer's block. He even thinks the result is not at all bad. (Cue comparisons with Hemingway, Steinbeck, Salinger, de Maupassant and Katherine Mansfield, among others.) Afterwards, he manages to escape to Australia, where he is now being held in a refugee camp in the desert. Great Uncle claims at one point, regarding his ghosted novel: "This is not an instance of vanity on my part."

Crikey! exclaimed the reviewer as, just when he thought his survey of literary shop talk was done and he would at last get that long-lost drink, the Lit Ed came in with yet another book about writers writing... Where would it all end (or not end)? [to be continued...] [possibly on p 94]

"She is Mother Earth and Mother Courage as well."

— Sir David Frost praising Lady Annabel Goldsmith during the launch of her memoirs, Annabel, An Unconventional Life, *at the Ritz.*

Books & Bookmen

■ POETRY may be a serious-minded business, but Don Paterson and Sean O'Brien seem to have suffered a total sense of humour failure over fellow poet John Hartley Williams' essay in the recent Fourth Estate anthology, *Mortification: Writers' Stories of their Public Shame.*

Paterson and Williams were both shortlisted for the T.S. Eliot Prize in 1997, when O'Brien was one of the judges. Meanwhile, Williams' contribution to the book concerns a Russian poet who is summoned to Moscow after making the shortlist for the "O Telsit Prize", for which one of the judges is a certain "Arsine Bone".

The poet overcomes his principled objection to literary prizes long enough to attend the ceremony, only to see the prize go to Bone's "protégé", a diminutive informer from Kazakhstan. The loser then feels foolish for deviating from his long-held belief that literary awards are "worthless appendages" and concludes that he should have protested by urinating on his opponents from on high, while chanting "Long live the revolution".

Change of location and anagrammatic disguises apart, it was clear to those in the know that the pissing poet was Williams himself, Bone was O'Brien and that the lucky Kazakhstani must have been Don Paterson. As a result, Paterson and O'Brien have been spotted in poetic circles huffing and puffing about the affair. Indeed, they even tried to get the book pulled at the last minute and wrote to Williams demanding an apology.

Williams, understandably, refused. It was, after all, intended to be a humorous piece highlighting Williams' own humiliation and how even the most high-minded can be seduced by the promise of a bauble. Will Paterson and O'Brien now take their revenge in verse?

■ JOHN McVicar's book on the case of shotgun-wielding Norfolk farmer Tony Martin is finally out – and what a treat it is.

A Right to Kill? is billed as by "Tony Martin, as told to John McVicar", even though Martin has disowned the whole project, the book being critical of him and his actions at the time of the infamous burglary at his home and since.

Alas, thanks to typos, people's names change spelling within the space of a page. But at least there is the plate section, which includes several delightful photographs of Martin socialising with his publisher, the Bulgarian "countess" Valentina Artsrunik (aka Mrs McVicar) and her mates – like Lord Archole's former squeeze, Sally Farmiloe.

Artsrunik and McVicar's firm, Artnik, is presenting the whole thing as a charitable act. The POW Trust, the prison charity that lobbied for Martin's release, gets the profits, and Artnik gets "its production costs and the prestige". But it's hard to see what prestige there is, as this is a story from which no one emerges well.

Martin himself is an arrogant and unrepentantly gun-happy fantasist, while the surviving burglar, Brendon Fearon, a some-time heroin pusher who tried to sue Martin for damages, dropped his action shortly before being banged up again for driving without insurance. Then there is Nick Makin, Martin's lawyer, who set up a support fund for the farmer and then charged his considerable fees against Legal Aid. Or there's Peter Sainsbury of the POW Trust, who turns out to be a convicted fraudster.

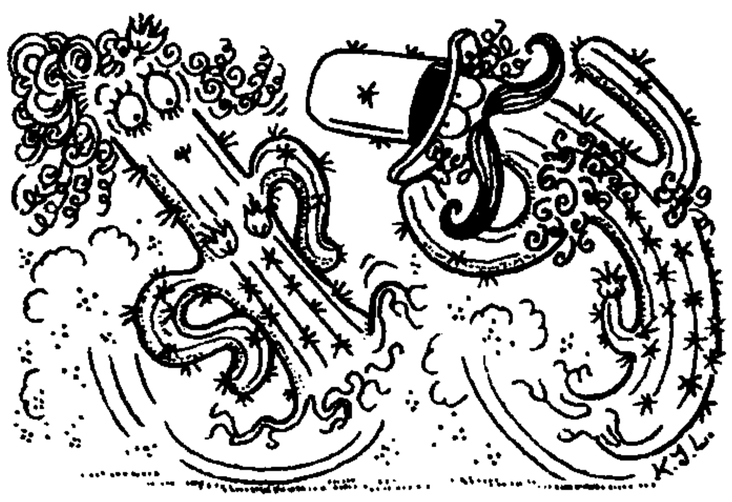
Indeed, even the publisher has previous: McVicar's ancient transgressions are well-known, and in the US in the late 1990s, Artsrunik (aka Djelebova, Armstrong, De Jelebov and Joulebine) and her then boyfriend Dorian Lester were charged with the murder of Virginian jeweller George Moody (see *Eye* 1093). Lester got life, and while the "countess" was acquitted on the main charge, she received a suspended sentence for firearm possession and being an accessory after the fact. Did this episode help her identify with the farmer's experience?

'Bookworm'

James Joyce

This is not merely a pop concert. It is tragedy mitigated. It is the comeback of King Lear.

TIM LOTT on the Brian Wilson 'Smile' concert, *Evening Standard*



Pseuds Corner

Cactuses are not known for their beauty, and they are seen as fleshy, meaty and monolithic. I'm interested in the anti-sexuality that these phallic stems with extruding signs signify. Hair is a sign of reproduction, a sign of our bodies changing, becoming or being sexual. So the cactus with hair becomes a sexual symbol. I think this perversion resonates with the cultural climate surrounding genetic engineering: transgenics is seen as anti-sexual, asexual, because it directly interferes with the natural reproductive process. The Cactus Project brings that perversion into focus and reverses it. The cactus with its hairs coming out is showing all the desires, all the signs of sexuality. It doesn't want to be trapped. It wants to be released. The desire is to enter the world as a species from a mythical landscape. I'm interested in this desire, this wanting to come out...

Interview with the artist LAURA CINTI on her exhibit of a cactus supposedly transgenically modified to grow human hair, *New Scientist*

Queer Moments? Women's Sex-Gender-Desire Diversity in Football Contexts in England

This paper seeks to explore women's sex-gender-desire diversity in football (soccer) contexts in England. The particular football context might be described as a queer community in that it is an out lesbian team. However, the paper reflects an engagement with marginalized sex-gender-desire identities within this queer community, namely transsexuality, the femme and heterosexuality. In this way the paper aims to capture queer moments that occur within a seemingly queer community. The focus on transsexuality, femme and heterosexuality intends to trouble our understanding of queer, normative and anti-normative. Qualitative research from participative observation of five league games, two cup games and a weekend tournament is used to inform the following critical analysis.

Lecture delivered by Jane Caudwell, University of Brighton

Jesus beats me hands down. His life was an awesome study in self-destruction. It has been valuable for us to deceive ourselves about the depth of his destructiveness. Clearly, as a great religious stylist, he knew that, without his crucifixion, he would be no one.

SEBASTIAN HORSLEY, *New Statesman*

Magic is an engagement with the balance of probabilities and the theatre of symbols, And the realm of synchronicity. Our lives have possibilities limited by who we are, what we respond to and what we pass up and what we go for.

CHRISTINA HARRINGTON, an adherent of the Wicca religion, who is advising the RSC on the witches' scenes in a new production of Macbeth, *The Times*

CONTRIBUTORS: Rael Martell, APR, Anon, Peter Lutz (and several others), Gnome

£10 paid for all entries

IN THE BACK

IRAQ'S WMD

MADE IN BRITAIN

AFTER persistent questioning by Lord Redesdale (right), Liberal Democrat defence spokesman, the government has finally admitted that the supposed "mobile biological weapons laboratories" found in Iraq last year were made with British components.

The government won't, however, name the suppliers; and defence procurement minister Lord Bach has confessed that it is the US government that is stopping him from doing so.

Lord Redesdale began asking questions after he read *Eye* 1082 last year and its explanation that the canvas-sided trucks weren't mobile germ labs at all but were merely used for generating hydrogen for artillery balloons – particularly plausible since Britain had sold Saddam £10m worth of artillery balloon and meteorology kit in 1987. (It was all classified as "civil" to get through the books. In fact Saddam never paid for it, so the export credit guarantee department handed £8.2m to Marconi.)

Department of trade and industry minister Lord Sainsbury told Lord Redesdale that, "We currently assess that the vehicles were built in Iraq using Iraqi components and standard industrial components that had been obtained from several different countries, including the United Kingdom. The components of British origin would not have been restricted under the same sanctions regime."

However, the government would not reveal which UK firms were involved. Lord Bach argued this was secret because of "exemption 1c of the Code of Practice on Access to Government Information" – an exemption that covers "information received in confidence from a foreign government".

After further questions Bach admitted that this meant "the government of the United States". But why would the US want to keep the name of British firms secret? The best explanation is that President George W. Bush referred to the discovery of the trucks in his State of the Union address, and any information that underlines how they had nothing to do with weapons of mass destruction is highly embarrassing politically (though of no military significance).

While Lord Redesdale is asking the parliamentary ombudsman to order the government to reveal the names of the UK suppliers, the government claims it is *still* evaluating the trucks almost a year after their discovery. Oddly enough, before the US senate armed forces committee met in January, former US weapons inspector David Kay had already accepted that, "There's a consensus in the intelligence community that the trailers that were found were intended to produce hydrogen for weather balloons or possibly rocket fuel, but not for producing biological warfare agents."

Armed with Kay's admission, Lord Redesdale asked the DTI's Baroness Symons if she would now reveal who had helped build them. She declined, citing "security". Revealing the names might be "exposing sources and putting people at jeopardy".

In fact the Iraqi manufacturer of the trucks has already come forward and said they were hydrogen gas generators for artillery balloons. Thair Anwar Masraf told the *Washington Post* that he had tried to see David Kay last summer, but Kay failed to keep the appointment. Masraf wanted to explain that his firm, Saad & Co, had had a contract to refurbish the balloon trucks.

Masraf even had an explanation for the presence of urea in the trucks' "reaction vessels" – something the CIA initially argued was very suspicious and proof that the trucks were not hydrogen balloon inflating devices. Troops, said Masraf, were told to use only distilled water. But "the stupid army pissed in it, or used river water," he said.

EQUITABLE LIFE

McNamara's band

THE cautious report of Lord Penrose into the Equitable Life scandal and the government's firm declaration that not a penny of public money will compensate the screwed policyholders will cause great anxiety in the plush offices of the huge accountancy combine, Ernst & Young (E&Y).

The firm – and especially Paul McNamara, its audit partner responsible for Equitable Life – must be terrified that hordes of outraged policyholders will now turn their attention (and their lawyers) to Ernst & Young's role in failing to warn the corrupt society of the doom it was greedily preparing for itself as long ago as 1997.

No doubt in a desperate attempt to divert attention from its own negligence, Equitable Life has already tried to blame Ernst & Young for at least part of the disaster. In January last year, Mr Justice Langley effectively threw out Equitable's negligence claim against Ernst & Young; but his decision was substantially reversed at the court of appeal last July. Quite early in his judgment, Lord Justice Brooke said: "It is not in dispute for the purposes of this strike out application that E&Y were negligent in the performance of their auditing responsibilities."

Thus from 1997 onwards, the auditors failed to warn Equitable Life of the true value of the debt it was risking by its highly dubious bonus policy. In effect, new policyholders were being tempted into the society by the lure of huge bonuses being paid out to members whose polices were maturing, little realising that their money was being used to pay these bonuses.

The auditors, it was argued, should have highlighted this devious policy and brought it to the attention of the directors. If that had been done (which it wasn't), the directors would have had to resort to drastic action, including the sale of the entire firm. In such circumstances the appeal court refused to strike out the action which now, to the delight of the expensive lawyers involved, must go to full trial.

The real danger for Ernst & Young is that if the courts find even some of the claims against it justified, tens of thousands of fleeced policyholders will claim at least some of their losses from the accountants (who can well afford it).

The policyholders' argument will be reinforced by the continuing scandal (often highlighted in the *Eye*) of accountants who audit the accounts of companies to whom they give much more lucrative tax or other advice as "consultants". These conditions were certainly fulfilled in the close relationship between Ernst & Young and Equitable Life.

PS: Even if Ernst & Young partners come through the next round of litigation unscathed, they will have to face a full inquiry by the joint disciplinary scheme (JDS) set up by the accountancy industry to sustain high standards. As the *Eye* reported last year, Ernst & Young sent its hard-worked lawyers to court to try to stop the inquiry but failed.

LESOTHO BRIBES

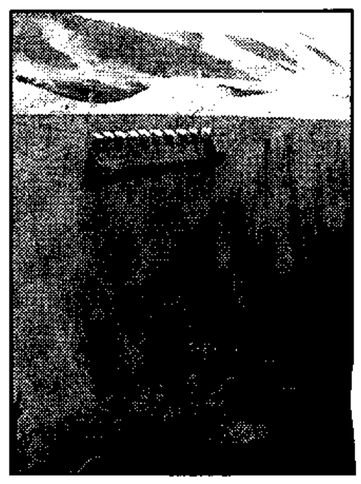
Dam and blasted

DESPITE the drooling publicity for Prince Harry's trip to Lesotho, there wasn't a word from the prince or any of the media following him about the conclusion of yet another shocking corruption case in Lesotho.

Last September *Eye* 1089 set out the background. Masupha Sole, former chief executive of the Lesotho highlands development authority, was jailed for 15 years for taking bribes from construction companies sniffing out competition-free contracts to build a series of massive dams to supply South Africa with water.

The impoverished government of Lesotho launched gruelling and expensive prosecutions of the companies who paid the bribes. But to make these prosecutions much more complicated and expensive, the companies insisted on being tried separately.

First up was the huge Canadian company Acres International, convicted in 2002 of paying more than Can$1m in bribes for dam contracts into secret bank accounts in Switzerland. Three South African judges dismissed Acres's appeal last autumn and Acres had to pay £1.3m in fines.



Katze dam, Lesotho

Now the former French engineering and electrical giant Spie Batignolles has admitted paying bribes and has been fined. Spie's lawyers protested that because the business of Spie Batignolles had been taken over by another French company, Schneider Electric, Spie was not responsible.

This fiction got short shrift from Mr Justice T. Nomncongo, who mocked what he called "the intricate web of corporate manipulation spun somewhere in France with its yarn reaching over to the Kingdom of Lesotho". He went on: "I have no doubt that this was calculated to deceive and to send the authorities of this country on a wild goose chase."

He dismissed the company's application and ordered the case against Spie Batignolles to go ahead in June. Alas, the company had nothing left to argue, and now, long before June, admits that it did indeed dish out huge bribes to get the dam contracts. On 25 February, Schneider Electric SA, the company that so conveniently took over the business of Spie Batignolles, pleaded guilty to 16 counts of bribery and was fined ten million rand, plus costs. A spokesman for the big British construction company AMEC told the *Eye* that the whole of the business of Spie Batignolles and Schneider has since been taken over by AMEC.

The new conviction and fine are a worry to the other companies waiting to be prosecuted. These include British construction giant Balfour Beatty. But the real question arising from the convictions needs to be answered by the World Bank. No organisation boasts more proudly of its record of fighting corruption; and the bank maintains a list of companies "debarred" from doing business with them because of corruption.

The *Eye* asked the World Bank in Washington what action it was taking against Acres, with which it does substantial business. The spokesman's reply was less than dramatic. "The bank's sanctions committee has issued Acres International with a notice that it has re-opened the debarment case in relation to new information that surfaced during the criminal proceedings in Lesotho. I cannot say more than that at this stage."

As for Spie Batignolles/Schneider, "The Bank does not finance this company and hence we'll take no action to debar it." Observers of business corruption in Africa may be wondering whether the World Bank's heroic campaign against corrupt companies stops when those companies turn out to be huge multinationals.

MMR

Testing times

WHILE ministers and health chiefs hope the recent vilification of Dr Andrew Wakefield, coupled with the stalling of legal action, will end the MMR controversy once and for all in Britain, their counterparts in the United States are funding rigorous research to confirm or counter some of Wakefield's and others' most crucial findings.

Ian Lipkin, professor of neurology at Columbia University and a world authority on the role of genetic, immune and infection factors in brain disease, is leading a study to see whether measles virus persists, and if so at what level, in the guts of children with autism, compared with a "control" group of children without developmental disorder.

Lipkin's CV is impressive. He led the team that identified West Nile virus as the trigger for the unprecedented outbreak of encephalitis in New York State; and his pioneering work resulted in the identification in 1990 of the elusive Borna virus and its role in brain disease and disorders.

With teams at three separate testing centres – his own laboratory at Columbia, at the Centers for Diseases Control and Prevention in Atlanta and at Professor John O'Leary's laboratory at Trinity College, Dublin, Lipkin will oversee a rigorous independent test of Wakefield's and O'Leary's earlier finding of persistent measles virus at the site of inflammation in the guts of children with regressive autism.

Funded by the American Academy of Pediatrics and the Centers for Disease Control and Prevention, the study will include 25 children with autism and 25 children without developmental problems, matched for age, sex and other social and demographic factors. There will be a specific evaluation of their autism and regression, their gastro-intestinal symptoms, medical histories, including immunisations and any family history of auto-immune disease.

What the study will reveal is whether measles virus persists in the guts of children with autism more than "normal" children, at what level and whether or not it is vaccine strain. If the study shows a higher viral burden in autistic children, as O'Leary and Wakefield have suggested, it will *not* of course prove causation by the measles, mumps and rubella triple vaccine. But it will provide support for the suggestion of an association between persistent measles virus and the combined diagnosis of autism and gut disturbance – and the need for more research into the children's unusual condition.

It will also show whether or not the pioneering methods of measles virus detection employed by Prof O'Leary are sound. Many of Dr Wakefield's critics, including government officials, continue to claim his tests cannot be replicated.

The unfortunate thing, as Professor Lipkin agrees, is that this work was not commissioned years ago. While such studies have all but been abandoned in Britain in the face of sustained media, government and scientific establishment attack, Dr Wakefield's first Royal Free paper six years ago (the subject of a recent onslaught by the *Sunday Times*) played a crucial role in establishing a unique and previously undetected pattern of gut disease in regressive autistic children, indicative of an auto-immune disease.

Dr Wakefield still stands by his MMR autism hypothesis; and as the *Eye* has pointed out many times, he is not a lone maverick. He has, however, always said that he hopes he is wrong, and he may well ultimately be proven so.

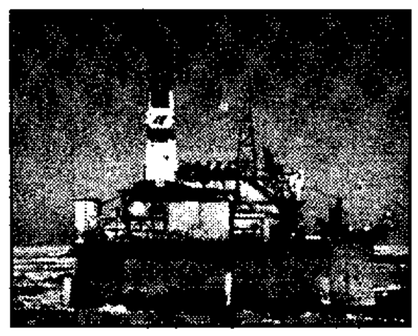
The *Eye*, at the risk of being labelled anti-vaccine, which we are not, has long called on the government here to fund and collaborate on an international scientific study to settle the controversy once and for all. But any such progress now lies in the hands of Professor Lipkin in the US.

OIL EXPLORATION

Seismic doesn't matter

THE UK's export credit guarantee department (ECGD) is contemplating handing over yet more public money to help mega-rich oil companies build yet another potentially disastrous pipeline.

Sakhalin Energy Investment Company (SEIC), a consortium led by Royal Dutch/Shell, has secured Russian government approval to tap into oil and gas reserves at the north end of the earthquake-prone island of Sakhalin in the far east of Russia, and pipe it to a terminal at the south of the island. Building work on the project, known as "Sakhalin II", has already begun, even though design work for the pipeline is not yet complete.



SEIC plans to bury oil and gas pipelines along the island's 800-kilometre length. En route they will cross 22 active earthquake faults. Any oil leaks into soil and groundwater could be devastating to the island's hundreds of salmon streams which are a vital source of food and income to Sakhalin's indigenous people.

A number of organisations, including WWF Russia and Friends of the Earth Japan, teamed up to commission a report by Richard Fineberg, former adviser to the governor of Alaska on oil pipeline construction. Fineberg points out that in Alaska, wherever the pipeline crosses a fault, it does so above ground. Not only can leaks then be spotted and fixed more quickly, but the pipeline itself can be designed to be more flexible. It's ugly, certainly; but it's safer.

In his conclusion Fineberg notes: "We have been unable to locate substantive analytical supporting documentation for SEIC's assertion that buried pipelines can be engineered and constructed in a manner that will effectively mitigate Sakhalin's high seismic risks."

Dmitry Lisitsyn, chairman of Sakhalin Environment Watch, called for Sakhalin II to be constructed above ground "rather than burying the problem as Shell wants to do". Last month Elfyn Llwyd, the Plaid Cymru MP for Merionnydd Nant Conway, raised the Fineberg report with British trade minister Mike O'Brien. The minister told MPs the ECGD had not yet taken its decision.

Mr Llwyd pointed out that work on the pipeline could spell the end for the world's last 100 grey whales, which feed in the area. The endangered creatures at least seemed to tug on the minister's heart-strings as he told MPs: "Before I approve any support for the project, however, I will need to be confident that among other things, the best scientific advice is available, not only on the seismic and other environmental issues, but on the whales."

Foresight Saga

IN *Eye* 1100 we reported on the new plans of the financial services authority (FSA) to allow hedge funds to be set up in the UK so that "derivatives" – high-risk gambling dressed up as complex investment schemes – can be sold more easily to gullible pension funds.

But in some countries, like Ireland, slack regimes for hedge funds and derivatives already apply. And one outfit taking advantage of this easier regulation is the Saga group, a specialist in providing financial services for the over 50s.

On 27 February Saga announced the launch of something called the "absolute return fund", registered in Dublin. From this month it will be sold through *Saga* magazine, with its circulation of 1.2 million.

The idea is that an investor earns money in the fund even if the stock market falls. This is done by using derivatives if the market is expected to drop. In other words Saga, through the hedge fund manager it has employed, RAB Capital, will gamble with the oldies' money. As Saga says on its website: "Although these funds are not generally available to the public, the RAB Capital specialists are now making their skills available for the first time to individuals who invest £5,000 or more."

One senior citizen who won't be putting his money in the fund is billionaire Warren Buffett. Last week he was reported to be selling part of his derivatives empire. "No matter how financially sophisticated you are, you can't possibly learn from reading the disclosure documents of a derivatives-intensive company what risks lurk in its positions," he said.

The explanation behind Saga's new financial adventurousness (with other people's money), could be that last year it put itself up for sale. That sale would be much more profitable if the firm could show that it had a range of ways of extracting the grey pound even in times of falling stock markets.

FOLLOW-UPS... FOLLOW-UPS... FOLLOW-UPS...

■ **LOCKERBIE**: The embarrassment of foreign office ministers over the Lockerbie bombing and the UK's new rapprochement with Colonel Gadaffi's regime continues, as families of the British dead press the FCO to use its new contacts with Libya to find out exactly what inspired the bombing.

A letter drafted by Jean Berkley, whose son died at Lockerbie, on behalf of UK Families Flight 103 reminds MPs: "One individual has been found guilty of the bombing 'while acting in concert with others'." But nothing else about the crime – who else was involved, how or why it was planned – is known and the letter urges MPs to press the government for more information.

The chances of getting that information seem slim, however. In a letter to the families on 1 March, Baroness Symons wrote: "There is of course a wider political context in which we could ask the Libyans to comment on unanswered Lockerbie questions. But we would have to consider very carefully whether this would be likely to yield anything of benefit at this time." Her whole tone suggests that rapprochement will not lead to a single question about Lockerbie being asked or answered.

■ **PRISON REORGANISATION:** Despite Tony Blair's claim that "policy first and explanation later is not the way to do things", the lesson has been ignored in the creation of the National Offender Management Service (NOMS).

The decision to merge the prison and probation services was announced last January with no parliamentary scrutiny or consultation, and little thought about how NOMS will operate when it launches in June.

MPs, prompted by the probation union Napo, have so far asked 138 parliamentary questions about NOMS. In particular they are worried about NOMS paving the way for further largescale privatisation of the justice system. But the replies have been less than illuminating.

When Lib Dem Mark Oaten asked how many staff would be employed at the NOMS HQ, he was told: "The structure is yet to be finalised." There have been similar non-answers to questions about further privatisation, the protection of sensitive case material and the management of juvenile and high security jails.

For a massive reorganisation that is only three months away from launch, its chances of success are rated alongside those of Cafcass (see *Eyes passim ad nauseam*).

You can contact Paul Foot on 020 7287 3183 or the In the Back team on 020 7437 4017

In the City

THE death of Mayfair lawyer Stephen Curtis in a so far unexplained helicopter crash two weeks ago has encouraged increasing speculation among those law enforcement sources with a knowledge of his Russian connections that the crash may not have been an accident.

Curtis headed the Menatep holding company which controls the oil giant Yukos for Russia's richest man (and prison inmate) Mikhail Khodorkovsky and his associates. Khodorkovsky faces fraud and tax evasion charges which he denies.

Such was the power of the explosion which followed the crash that police sources expect it to take months to complete the forensic investigation into why the helicopter came down. Witnesses spoke of the sound of the helicopter suddenly stopping followed by a large explosion. Curtis was on his way home to Dorset from London.

There is no evidence to prove that the crash was not a tragic accident and certainly not to connect Yukos to Curtis's death. Indeed, Leonid Nevzlin, a leading Yukos shareholder and Khodorkovsky associate, described Curtis as "a great friend and valued colleague" and said how "deeply saddened" they were. But suspicions about the crash – no matter how conspiratorial or even fanciful – are, hardly a surprise where Russian business is concerned, given the number of unsolved contract killings of company directors, bankers and MPs.

The Yukos security chief Alexei Pichugin is currently in prison awaiting trial for organizing one double murder and attempting to murder a former Yukos adviser and an employee of another company in the Khodorkovsky empire. Pichugin denies the charges.

Curtis was plucked from public obscurity to become the Menatep chairman after Khodorkovsky was arrested last October. That Curtis was selected was significant. The London lawyer was the keeper of many Yukos secrets. He had been very closely involved in the offshore company structures that enabled Khodorkovsky and his associates to become billionaires by siphoning oil and cash out of Russia in the late 90s after the rip-off privatisations and before Yukos sought international respectability.

Law enforcement sources suggest Curtis may have indicated that he was prepared to help the Russian investigation into Yukos by telling what he knew. If Curtis had cooperated, he would have been able to provide a road map to what lies behind the controlling 44-percent share stake in Yukos held by the Menatep Group in Gibraltar. That goes to the heart of the case against Khodorkovsky and his associates.

The Russian investigation has already been helped by another expert on the all-important Yukos offshore dimension. Paris-based Russian Yelena Collongues-Popova provided investigators last year with boxes of documents relating to her activities between 1996 and 2000 on behalf of Alexei Golubovich, a close Khodorkovsky associate and Yukos corporate finance director. She refused to go to Moscow to be interviewed because she it was too dangerous, she said. Collongues-Popova says she was part of the same offshore restructuring of the Yukos ownership and operations in which Stephen Curtis played a key role.

Curtis worked very closely with Peter Bond, the Isle of Man company manager with the Valmet group which ran many of the Khodorkovsky companies locally, in Gibraltar and Switzerland. Curtis died hours before the Swiss authorities mounted a series of raids on local offices seeking evidence at the request of the Russians.

Before it collapsed, Khodorkovsky's Menatep bank was a minority shareholder in Valmet, which was based in Gibraltar. Bond and Valmet surfaced in the 1999 Bank of New York scandal when linked to Benex International, the British company through which millions in Russian flight capital flowed into and out of BNY accounts. Other money which flowed through Benex was linked to Semion Mogilevich, a major figure in Russian organised crime.

No charges have ever been brought against Bond or Valmet. However, after being granted immunity Bond agreed to testify against penny stock promoter Robert Brennan at his 2001 trial in New Jersey on money-laundering and bankruptcy charges. Brennan was convicted of using Valmet to hide $4m from creditors.

Last year it emerged that Bond controlled a bank account in Abu Dhabi through which more than $90m had flowed over two years from 2000. This money may have been linked to Brennan. But it may also have been from his Russian clients.

Bond and Curtis were inextricably involved in the legal battle between Khodorkovsky and a large minority shareholder in Yukos – American billionaire Kenneth Dart – which rumbled into public view after Bank Menatep crashed in 1998 and before the BNY scandal exploded in late 1999.

In June 1999 Bond and other Valmet representatives met at Curtis' Park Lane offices to discuss the plans to once again reshuffle the Yukos offshore pack of corporate cards. Curtis was not only drafting the agreements but was the owner of one of the key companies through which all Yukos's oil sales flowed. Curtis and Bond controlled these companies along with representatives of their clients whom even they did not know. Suggestions that this ownership should be disclosed was rejected by Yukos in Moscow.

Weeks after that meeting Curtis wrote to Yukos about the planned reorganisation. In that letter Curtis described himself as a "trusted adviser to Yukos" who had been given a piece of the offshore action in return for assisting in promoting financial deals and making introductions to influential Arab contacts in the Middle East.

Curtis was well placed for that role. Before establishing his own firm, he had formerly been a senior partner in the influential London law firm Fox & Gibbons, which counted many important Gulf figures and companies among its clients. One of these was Mahdi al-Tajir, for many years the man to see in Dubai because of his close ties to the ruling Maktoum family.

It is clear from the letter that Curtis was in regular contract with Khodorkovsky and Yukos' second largest shareholder, Platon Lebedev – also now in a Moscow jail facing fraud and tax evasion charges.

All of which explains why Stephen Curtis was chosen to replace Khodorkovsky as chairman of Yukos. If it emerges that the helicopter crash was not an accident, then it would be surprising again if the police did not consider whether it might also help explain why he died.

"Needless to say, we've got a product recall on the cards"

WHILE he waits for the imminent New York jury's verdict on his old Tyco friend Dennis Kozlowski, Michael Ashcroft has lost his own most recent court battle.

Ashcroft failed in his bid to overturn the high court ruling last year which not only prevented his bid to hold to ransom Danish group ISS by blocking its completion of the takeover in 2000 of RCO (Holdings) but also saw the noble lord on the receiving end of some withering personal criticism from Mr Justice Peter Smith.

The appeal court last month unanimously

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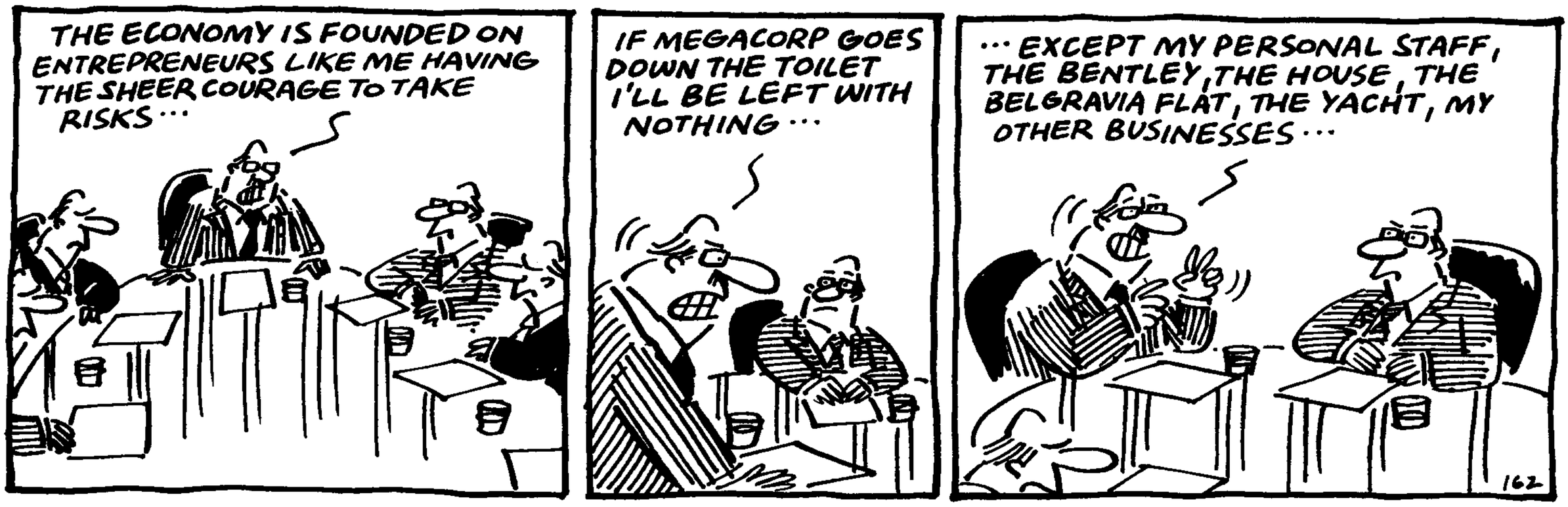
THE ECONOMY IS FOUNDED ON ENTREPRENEURS LIKE ME HAVING THE SHEER COURAGE TO TAKE RISKS...
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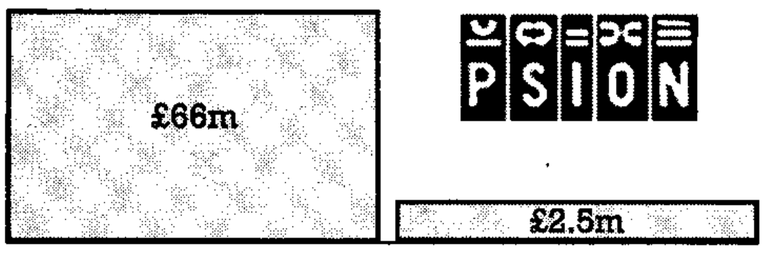
...EXCEPT MY PERSONAL STAFF, THE BENTLEY, THE HOUSE, THE BELGRAVIA FLAT, THE YACHT, MY OTHER BUSINESSES...
162

Stock Horror

by 'Bruin'

Pstuffed

Value of the Psion shares sold by chairman David Potter...



...four years ago, when he sold them

...today

rejected Ashcroft's appeal against the Smith ruling and, while not endorsing the judge's less than flattering comments, added some hefty swipes of their own.

Through two offshore companies Ashcroft had acquired more than 3 percent of the RCO shares, having already accepted the ISS offer for another stake held on behalf of his public company Carlisle Holdings. ISS refused to pay Ashcroft a higher price for the 3 percent stake and instead effectively sold the assets to a group company leaving the peer with 3 percent of very little. Ashcroft then went to court claiming that he was being oppressed (surely a first) as a minority shareholder.

Smith rejected that claim in April 2003. He was highly critical of Ashcroft's failure to give evidence. He also slammed a witness put up to justify the case saying he was there to reveal as little as possible about the Ashcroft empire and describing his evidence as "completely useless".

But he reserved his strongest criticisms for Ashcroft personally, accusing him of misleading ISS and trying to force it into "paying him a large and unmeritorious amount of money". This he described as "unacceptable conduct". This was not "greenmail" said Mr Justice Peter Smith. "The proper word to my mind is blackmail. It is the kind of thing which brings the City into disrepute."

In his appeal Ashcroft's lawyers complained about the "extreme" language used by the judge and his obvious distaste for the peer's conduct and motives. They also maintained that it was quite legal for him to hold ISS to ransom for the blocking shares.

Three appeal court judges headed by lord justice Jonathan Parker disagreed. They accepted that the judge was right to side with ISS and that the right to ransom argument was "misconceived". They also agreed with the judge that the price paid by ISS to everyone else was the "best price reasonably available".

Ashcroft was given a crumb of comfort by Lord Justice Parker who described the language used by Mr Justice Peter Smith as "unnecessary and inappropriate". After all, he pointed out: "The pursuit of commercial gain is an entirely legitimate objective".

But Parker then went on to give his view of Ashcroft's attempt to use the companies act provision for the protection of minority shareholders' rights for those objectives. "In dismissing the petition, the judge described it as 'cheeky'. I think it is worse than that."

It was, said Parker, an attempt to use the legislation and the courts as "another weapon in the tactical battle with ISS". The petition for relief against ISS by Rock Nominees on behalf of Ashcroft was a bid to "extract the ransom of which (as he would have it) it was wrongly deprived. "It seems to me that that may well be an abuse of process," concluded a clearly unimpressed Lord Justice Parker.

Ashcroft's old Tyco boardroom chum Dennis must hope he has better luck in impressing the jurors – athough he too declined to give evidence. But whereas Ashcroft has merely missed out on some more money for his offshore fortune, Kozlowski faces the prospect of many years inside for his abuses.

'Slicker'

EYE CROSSWORD 257

by Cyclops

£100 prize to first correct solution opened on 26 March 2004.

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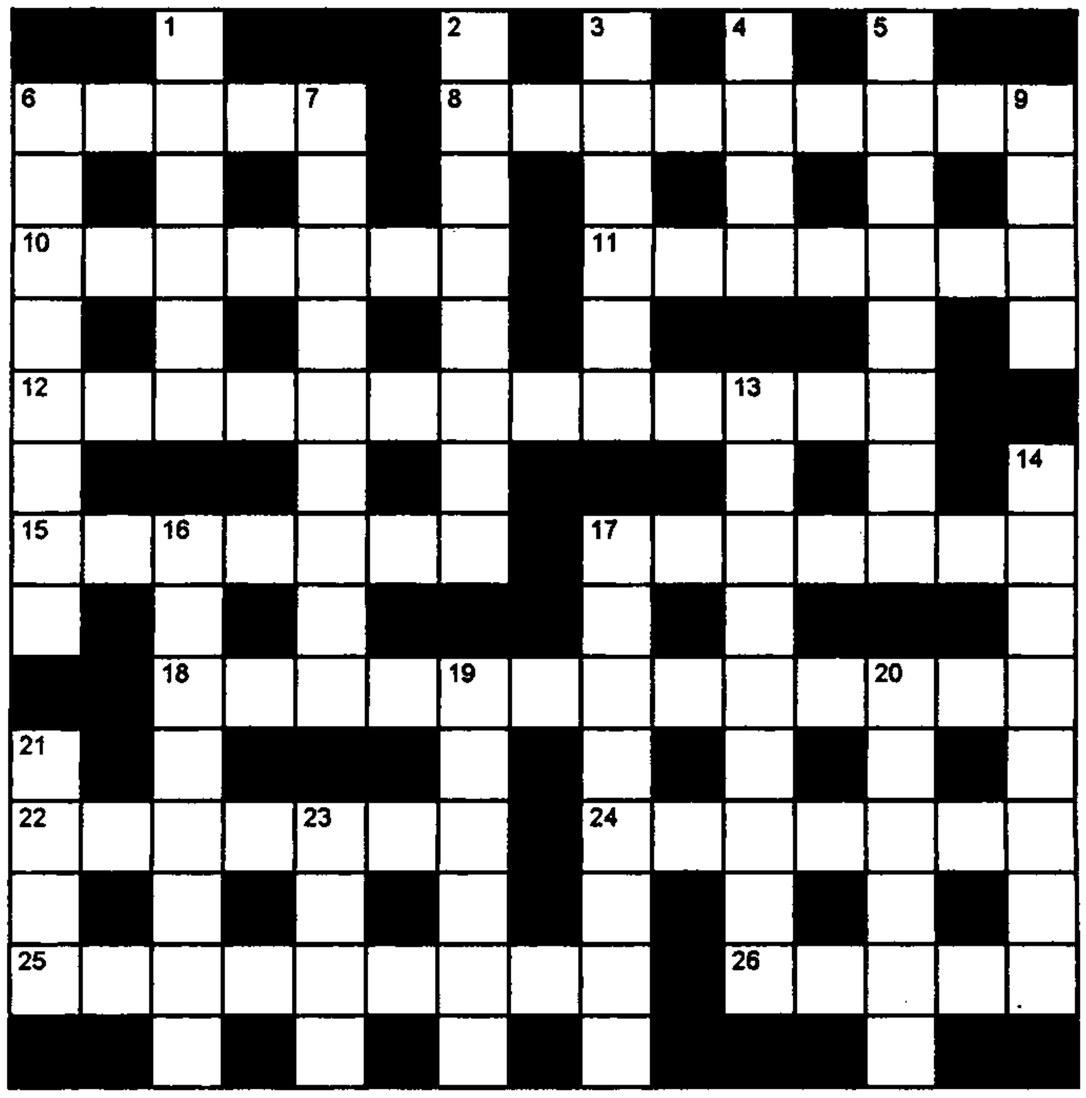

ACROSS

6 Nerd has heartless society girl taking piss (5)
8 Worldly type burying Labour's leader inside (9)
10 Lover Dido, extremely lacking, went too far (7)
11 Like the scrotum of one's who's past it (7)
12 The *Eye*'s disgraceful way with press revelations (6,2,5)
15 Impregnates to ensure a stiffy doesn't go to waste? (7)
17 House repairman, etc. who reveals crack? (7)
18 Where to find Blair admitting entering end of Third Way (7,6)
22 Raise objection when tart put on trial (7)
24 Ex-luvvie's interest in ring attached to organ (7)
25 Discerning but getting laid? (6,3)
26 Gutless Blair is after strip fund (5)

DOWN

1 "Fireball" Livingstone finally involved in Metro fiasco (6)
2 Useless bugger from Deal sods off (4,4)
3 Argy-bargy with French going to dispute settling body (6)
4 Some fat, hairy tongue (4)
5 John Thomas with chief, Wally (8)
6 Stoop, US-style, to be so low as to use gutter press tactic? (8)
7 Associate shag with Johnny (9)
9 Say "Buggered!" after George Bush denounces their union (4)
13 One mounts non-PC girl, stupid and unreasonable (1,3,5)
14 Twirl yer nuts in an accomplished literary manner (8)
16 Posh partner covering silly sod in "boudoir attire" (8)
17 Indiscreet type, Bough, playing with Tim (3,5)
19 Ain't Rose dropping the hospital's opening sections? (6)
20 Camilla's first to be gagged by censors – royal orders (6)
21 Member's erection packed with top grade meat (4)
23 Amphetamine too "arse-over-tip" for her? (4)

Crossword 256 winner: JACK KERRUISH

ACROSS: 1 Arch-foe 5 Sulphur 9 Three-star 10 Gavel 11/12/26 Couldnt give a toss 14 Insomniac 17 Realm 18 Anzio 20 Gonorrhea 22 Whelp 24 Up yours 27 Ogles 28 Bestudded 29 Sublets 30 Desirer.

DOWN: 1 Anticlimax 2 Corfu 3 Fiefdom 4 Entitling 5 Sprog 6 Leg-over 7 Have a bash 8 Rule 13 Ambassador 15 Sizewell B 16 Concussed 19 Oversee 21 Ray guns 23 Pubes 25 Udder.

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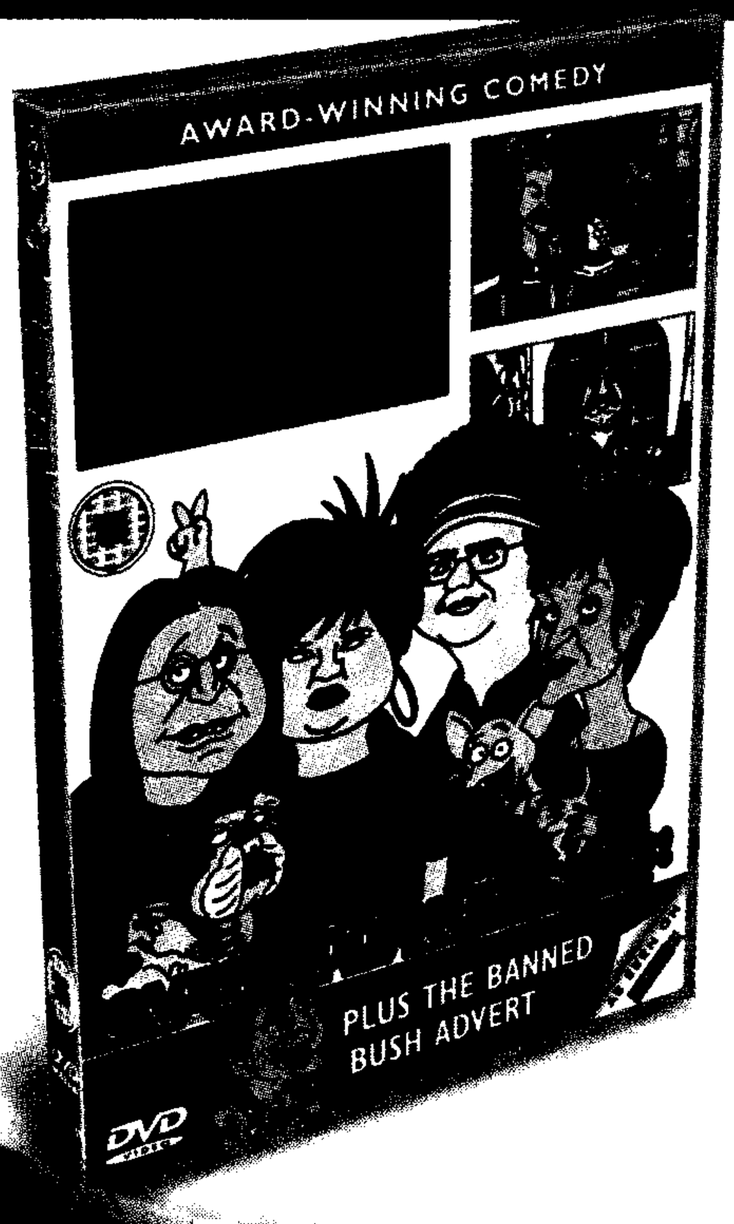

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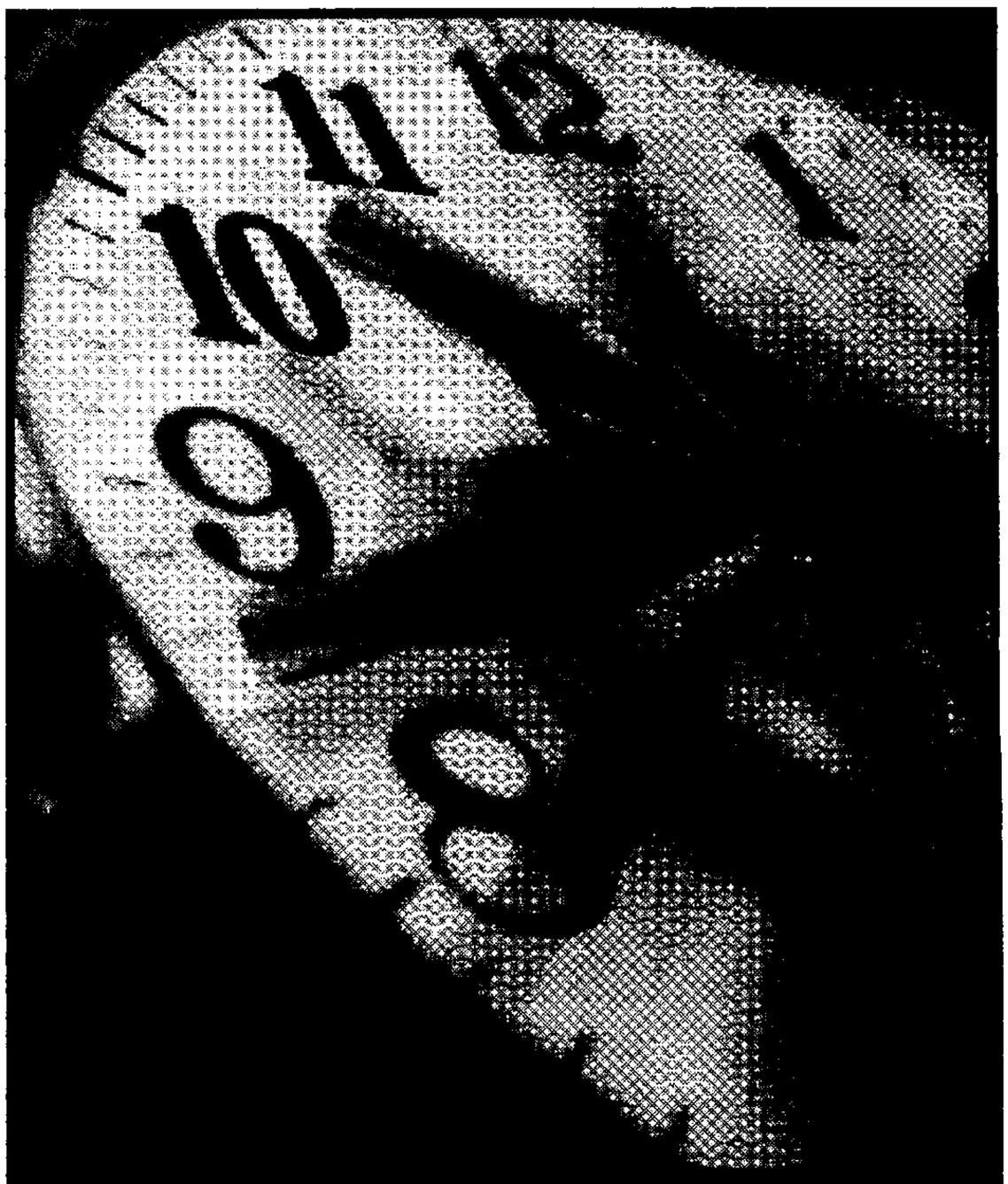

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EYE OBITUARY

KING, NIGEL E. Peacefully in St Ives at 9.30 pm on Sunday, 22nd February 2004 surrounded by his daughter, mother, brother, best friend and wife. London property consultant and lifelong music aficionado, he will be so sadly missed. Service 12:00 noon at Truro Crematorium on Saturday, 28th February and then 2:00 pm at St Ives Parish Church. No flowers. Donations to Macmillan Service Cornwall, 3 St Clement Vean, Truro, Cornwall TR1 1RN

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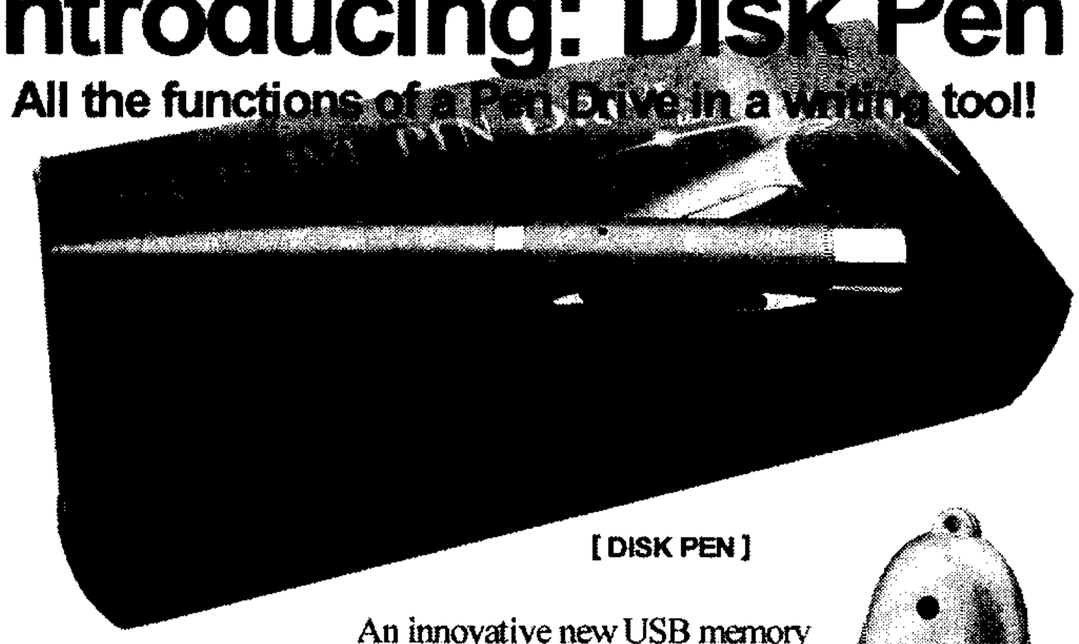

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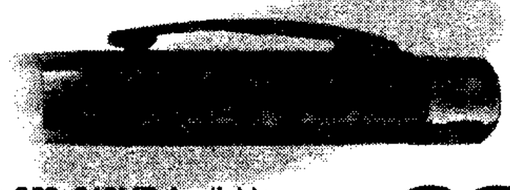

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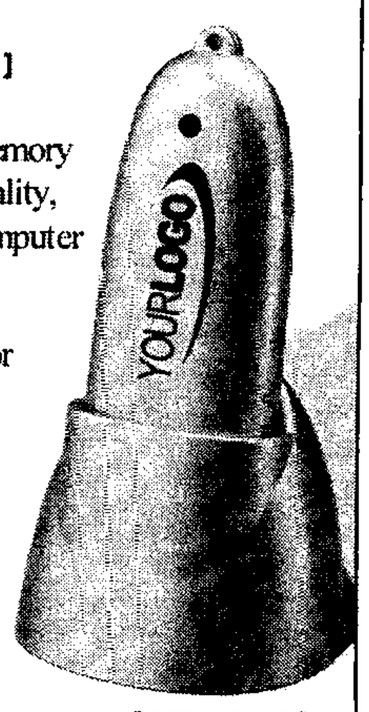

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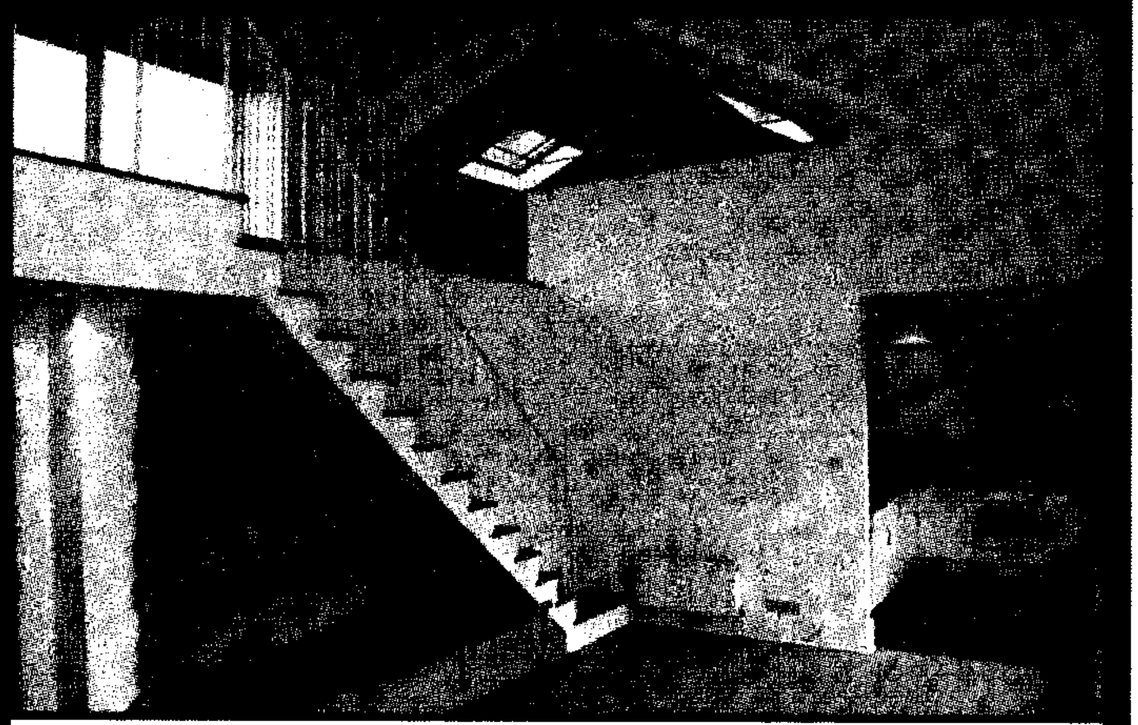

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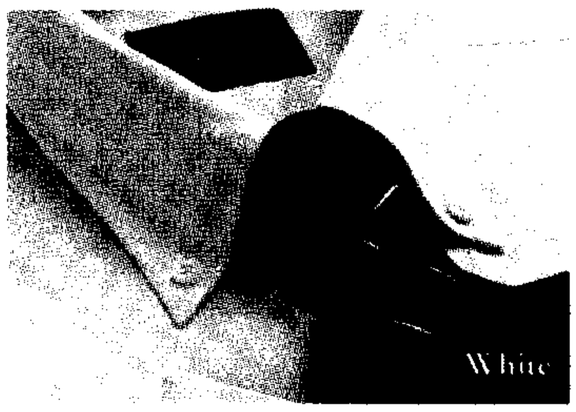
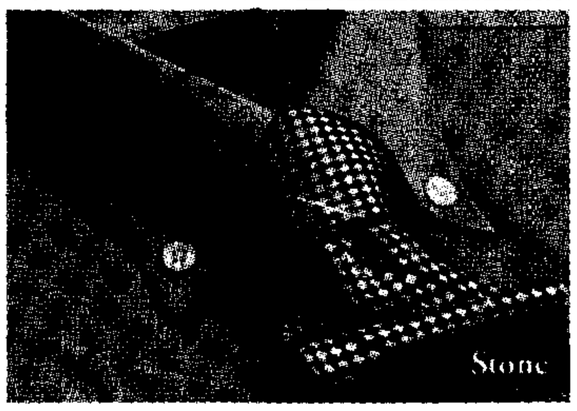
FREE!
SILK TIE
WORTH £25
WITH EVERY
SHIRT
ORDERED

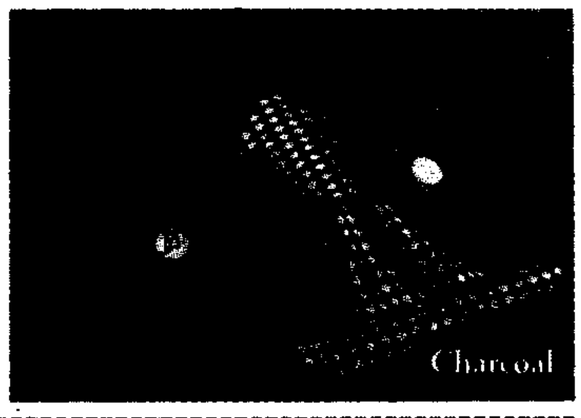
The Savile Row Co.'s distinctive Oxford button-down shirt comes in 100% Swiss Cotton for only £30. plus p&p

(The smart £25 luxury silk tie comes FREE with every shirt ordered!)

This great value button-down shirt looks just as smart with a tie for formal wear, or worn as an open neck shirt on 'dress down' days. The Oxford cotton weave fabric is soft, comfortable and comes with our special finish making it easier to iron. Available in seven stylish colours. Single Cuff option only.







Why a shirt made by The Savile Row Co. makes all the difference.

Smooth, minimum iron fabrics.

Lockstitch buttons so they don't fall off.

Breast pocket at no extra cost.

Over 60 years' tailoring experience.

Softest combed cotton on the market.

Why it pays to order a Savile Row Co. shirt direct from the people who actually tailor it.

No middleman to take a profit.

Buy direct from the same people who actually tailor the shirts.

FREE luxury silk tie (normally £25).

30 day Money-Back Guarantee

For quicker delivery phone -

0870 609 0002

09.00-21.00 Mon to Fri, 10.00-19.00 Sat & Sun
YOU'LL RECEIVE YOUR ORDER WITHIN 14 DAYS
(21 days for monogrammed shirts).

To be sure of your FREE silk tie, please quote PE0404 when calling.

Or alternatively, fax your order form to 0870 850 0404

Our store is located at -
40 Savile Row, London W1

The SAVILE ROW COMPANY

40 Savile Row, London W1E 0DX

Order within 21 days & get a FREE luxury silk tie worth £25

Post to: The Savile Row Company, ADMAIL 3306, FREEPOST BEL3306, Dept PE0404, 40 Savile Row, London W1E 0DX

Please send _____ Savile Row Oxford button-down Shirts at £30 each plus £4.00 p&p. Collar size: _____ (15" - 18") Colour: ☐ Blue ☐ White

☐ Lilac ☐ Lemon ☐ Salmon ☐ Stone ☐ Charcoal **Optional monogrammed initials.** Please add £5 per shirt. _____

☐ Breast pocket initials: (max 4 letters) **Customised Sleeve Length.** Please add £5 per shirt. ☐ Short ☐ Extra Long 1"or 2" _____

I enclose my cheque for £ _____ payable to "The Savile Row Company." ☐ Please charge _____ to ☐ Visa ☐ MasterCard ☐ Amex ☐ Switch

Card no: _____ Issue No. _____ Card Expiry date: ___/___

Signature _____ Mr/Mrs/Miss/Ms _____

Address _____

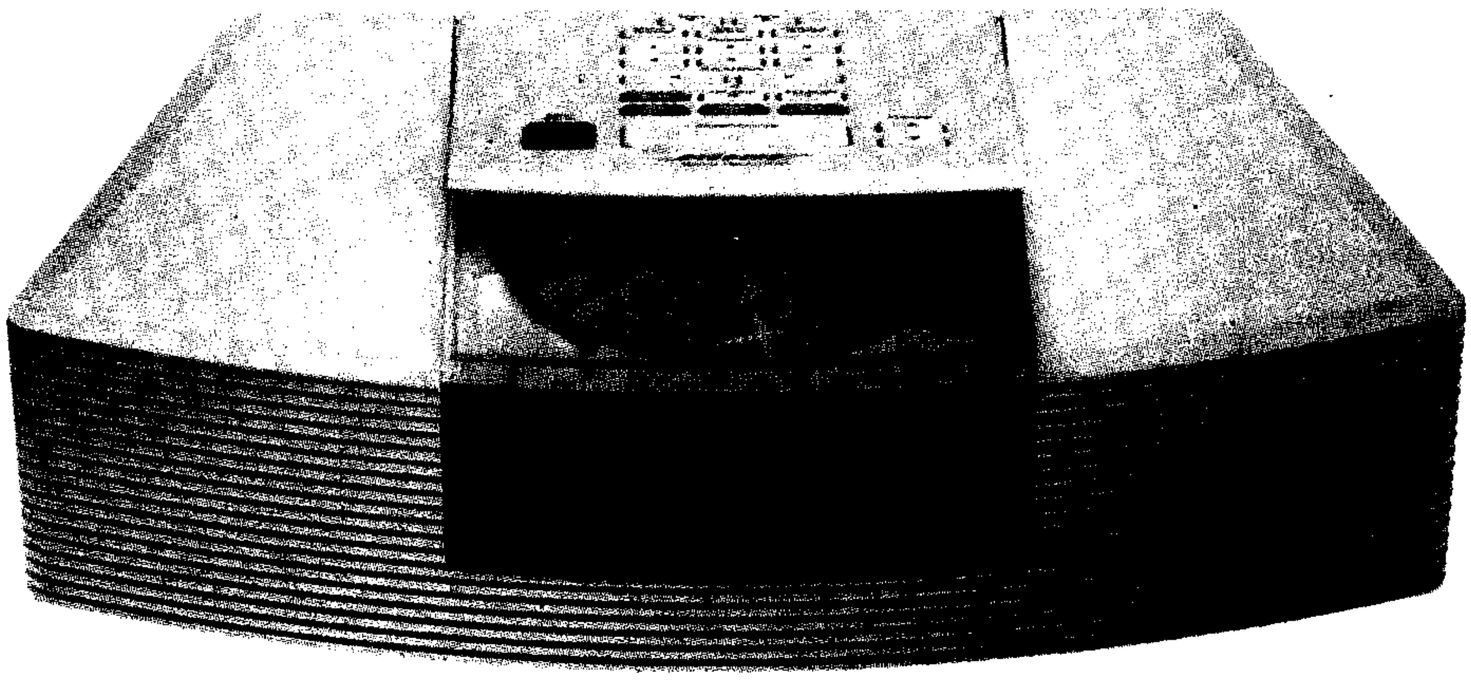
_____ Postcode _____ Daytime Tel _____

Delivery: You will receive your order within 14 days (21 days for monogrammed shirts).
We occasionally make our customer list available to carefully selected companies whose products may interest you. If you prefer not to receive such information, please tick this box: ☐

MOPS protection only covers the direct ordering of products advertised at the prices specified in this advertisement

HALF PRICE POSTAGE ON INTERNET ORDERS - www.savilerowshirts.com/PE0404

THE GUARANTEE IS AS CLEAR AND UNDISTORTED AS THE SOUND.



THE BOSE® WAVE® RADIO/CD. We can describe to you how clear and natural the sound is. We can explain how the small size, convenience and simplicity add to the delight. But can you really appreciate it without experiencing it?

That is why we created our in-home trial and satisfaction guarantee. It is the best way we can think of to give you the truest experience possible – hearing the rich, lifelike, room-filling sound exactly where you will use it.

When you do, we think you will realize that no other system this size matches the performance. That is because no one but Bose has acoustic waveguide speaker technology. It is a U.S. patented breakthrough so revolutionary, it won us the prestigious "Inventor of the Year" award – just one of many innovations that make us one of the most highly respected names in sound.

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NO OTHER SYSTEM THIS SIZE DELIVERS OUR SOUND QUALITY. That is why we can offer you our satisfaction guarantee. You call us. We deliver the Wave® radio/CD or the Wave® radio to your home. You listen. You decide. Then, if you can bear to part with it, return it anytime within 30 days for a full refund of your purchase price. We will even arrange to have it collected at no cost to you. It is that simple.

Call today to take advantage of our instalment plan which lets you make **10 low monthly payments with no interest charges from Bose.*** And ask about the clear and undistorted guarantee that lets you listen, and make up your own mind.

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MR/MRS/MS/MISS: _____

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DAY TEL: *(optional)* EVE TEL: *(optional)* 9739

Wave® radio/CD and Wave® radio are available in Platinum White or Graphite Grey.

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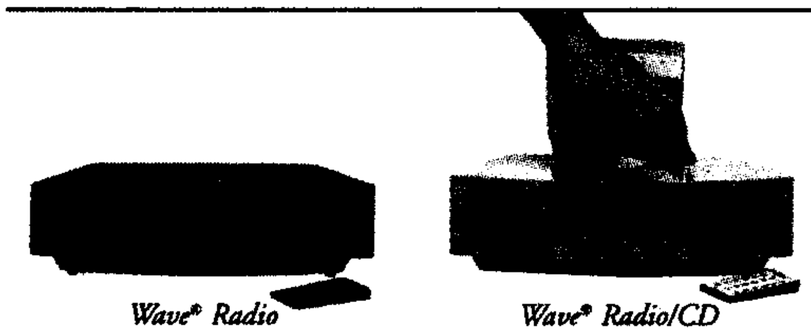
No stamp necessary.



Wave® Radio *Wave® Radio/CD*

BOSE®
Better sound through research®

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